THE TARIFF IN OUR TIMES

IDA M. TARBELL

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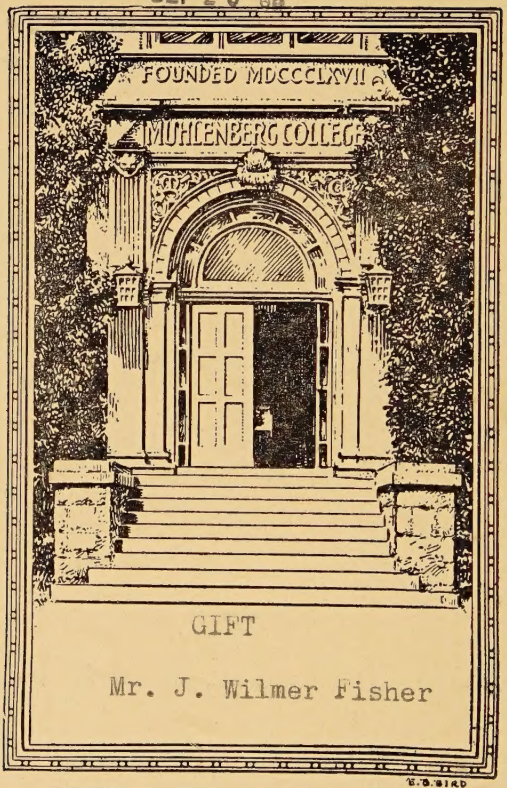

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THE TARIFF IN OUR TIMES

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THE TARIFF IN OUR TIMES

BY

IDA M. TARBELL

AUTHOR OF
"THE LIFE OF ABRAHAM LINCOLN," "THE HISTORY OF THE STANDARD OIL COMPANY," "MADAME ROLAND," ETC.

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PREFACE

It takes no extended examination of any period in the last fifty years — the term covered by the phrase "Our Times" in the title of this book — to convince an unprejudiced student that as far as the tariff is concerned public opinion has never been fairly embodied in the bills adopted. If the popular understanding of protection as expressed in our elections had been conscientiously followed, there would be to-day no duties on iron and steel products, on cheap cottons and cotton mixtures, and, certainly none on a great variety of raw materials probably including raw wool. That is, in these cases and in multitudes of similar ones, the purposes of protection had been realized, or it had been proved that they never could be realized; and in either case the dogma required the duty to be withdrawn. This volume is an attempt to tell in narrative form the story of this defeat of the popular will.

The major part of the material in the volume has appeared at intervals in the last five years in the *American Magazine*. So many persons concerned in the making of our tariffs in the period covered have aided me directly or indirectly by documents, personal reminiscences, and explanations of points of view that I find it out of the question to attempt to enumerate them. In one case, however, my debt is so great that I must acknowledge it specifically, and that is to Mr. Horace White, who has read, either in manuscript or proofs, the bulk of this volume and who has been generous in his suggestions and criticisms.

CONTENTS

		PAGE
PREFACE		vii
CHAPTER		
I.	THE TARIFF AS A WAR TAX	1
II.	AN OUTBREAK OF PROTECTIONISM	28
III.	WAR TARIFFS CONTINUED	53
IV.	THE BUSINESS MAN TAKES CHARGE	81
V.	THE MONGREL BILL OF 1883	109
VI.	GROVER CLEVELAND AND THE TARIFF	133
VII.	THE MILLS AND ALLISON BILLS	155
VIII.	THE MCKINLEY BILL	181
IX.	THE WILSON BILL	209
X.	THE DINGLEY BILL	237
XI.	WHERE EVERY PENNY COUNTS	258
XII.	THE MAKING OF THE BILL OF 1909	297
XIII.	SOME INTELLECTUAL AND MORAL ASPECTS OF OUR TARIFF-MAKING	331

THE TARIFF IN OUR TIMES

CHAPTER I

THE TARIFF AS A WAR TAX

If there was any public question on which the minds of the people of the United States were made up fifty years ago, it was that of the tariff. They had not been made up in a day. On the contrary, it had taken nearly seventy years of experimenting to bring them where they were — seventy years in which all forms of taxation on imported goods had been tried, from the supposed 8½ per cent of the first Congress to the 43 per cent of the "tariff of abominations" in 1828. Some of their experiments had been good and some bad, but out of them all they had struck a mean which was something like this: As a nation we intend to raise money to carry on our business by putting a duty on certain raw and manufactured goods brought from foreign countries. If we find we are getting too large a revenue we will cut down the duty, if too small we will raise it. In placing these duties we will do as Alexander Hamilton advised — that is, if there is a young industry in the country trying to produce something which is *essential* to war or on which our daily living depends, we will protect it from foreign competition until it is established — *but no longer.*

For ten years the country had been working on this tariff platform, and so satisfied were they with it that when they found in 1857 they were taking in more money than they needed for expenses, they promptly passed a bill cutting the duties down to an average of 20 per cent — the lowest they had been since 1816. The duty on many articles they removed entirely — thus, cheap raw wool was allowed to come in free. Nobody, except the Pennsylvanians, and a few New Englanders, objected strongly to the bill; even the majority of manufacturers and old Henry Clay tariff men agreed. Henry Clay had told them that protective duties were never meant to be perpetual, and they looked upon this lowering of taxes as a natural step in the process of gradual extinction which they had been taught to expect.

Not only was the mind of the country satisfied with lower duties and an increasing list of free goods, but it had accepted the idea that a Christian nation should establish as rapidly as possible reciprocal trade relations with its neighbors. For three years a reciprocity treaty between ourselves and Canada had been working. It was not as good a treaty as might be, and the Canadians were getting greater advantages from it than we; but it could be improved, and there was much pride in the country over the advance it was felt this treaty showed in national broad-mindedness and generosity.

That was fifty years ago. To-day the average tax on dutiable goods imported into the United States is nearer 50 per cent than 20. Instead of reciprocity with Canada we have had for fifty years in many cases prohibitive protection. Why is this? What has become of the theories and practices of fifty years ago?

The answer lies in a curious story — a story of a panic and a war and the natural penalties which panics and wars

impose. The panic came first — in 1857, just after Congress had lowered duties to prevent the collection of more money than we needed for actual expenses. It was a logical enough panic — panics always are logical. For several years the country had been making money. It had lost its head over its growing wealth — had speculated, had built railroads faster than they were needed, had spent lavishly. Its expenses finally outran its income and a crash naturally came.

The tariff had nothing whatever to do with the disturbance, but the effect of the panic on the national income was soon evident; straitened for money the country bought less abroad, buying less the revenue was less. In 1857 it had been $64,000,000, but the year after it was but 42 millions, and the year after that (1859) but 48 millions. Instead of too much money, Congress saw itself with too little. Its credit was sadly disturbed, not only or chiefly because of this falling revenue, but because of the agitation of the slavery question and the increasing contention between North and South.

It was natural enough, of course, that when the revenues from imports continued to be too little to pay the government's bills, there should be a demand for higher duties. This demand was headed by a member of the House of Representatives from Vermont, Mr. Justin S. Morrill.

Mr. Morrill was an able and honest man, who had been sent to Congress by the "Conscience Whigs" of his district — not because he had sought the office, but purely because they believed from what they had seen of him as a merchant in their community, they could trust him to represent them on the slavery question. Now, Mr. Morrill was one of the Whigs who had not been satisfied to see duties lowered in 1857, and who strenuously objected to letting in raw products free of duty. He wanted all wool protected. He

wanted his Vermont marble protected. He wanted maple sugar protected. He was one of the few New England representatives who had spoken, as well as voted, against the bill of 1857, and his speech at that time had been very able. Indeed it made him the acknowledged head of the active protectionist sentiment left in the country, for he made no bones about declaring his faith. "Such articles of primary necessity," he said, "as there is any hope of successfully producing should be waked into life, nursed into perennial vigor by moderate and steady discrimination in their favor, so long as their condition makes it proper, so long as there is a probable chance of ultimate success."

Mr. Morrill saw the opportunity for reviving protection in 1858 when the revenues were insufficient, and he determined to prepare a new bill which should represent his views. But the interest in the subject at that moment was so little that he could not get a hearing from the House. The next session, however, gave him a rare chance. In the fall of 1859 a Congress largely Republican took its seat. After a fierce fight this Congress elected a Republican speaker, and this speaker put a young man destined to play a large part in National finances at the head of the Ways and Means Committee — John Sherman of Ohio. Mr. Sherman was just 37 years old, and as shrewd, as active, and as experienced a politician as the Republicans had in the House. He had begun his political life when about 21 years old with but two political tenets — hatred of the Democratic party and belief in protection of American industries. Political conscience had been unstirred within him until the repeal of the Missouri Compromise. That turned him into a Crusader. Sherman had been fighting solely against slavery extension for six years, when his appointment to the head of the Ways and Means Committee suddenly made it his duty to consider finances. At once his

old faith in protection asserted itself, and he gave full support to Mr. Morrill, who was instructed by the Committee of Ways and Means to prepare a new tariff bill.

Mr. Morrill worked out his bill with great care and patience, and when it came out of committee early in 1860 it represented very nearly what he believed. Mr. Sherman, who from this time on had much to do with tariff bills, says in his autobiography that the Morrill Bill at the start was nearer meeting the double requirement of revenue and protection than any bill he was ever familiar with.

But good as the bill may have been when it came from the committee, it was soon assaulted right and left by those who had something to protect or those who were affected by what it protected. Much of the pressure, Mr. Morrill found, was impossible to resist. What can you do when a Senator of the United States, one so famous as Charles Sumner, "calls your attention" to letting cocoa in free (though according to the principle on which you are working it should pay a slight duty) because his friend, the head of an "eminent house" (the friend was Henry L. Pierce and the "eminent house" was his chocolate factory), wants his cocoa free? What are you to do when Pennsylvania iron men and Rhode Island manufacturers, who according to your theory of protection are established and whose duties should gradually be lowered, come down on you for higher rates, and your party colleagues tell you that if you refuse their requests the election may be lost and the cause of human freedom be retarded? Amendment after amendment was tacked on the bill, many of them in direct contradiction of Mr. Morrill's principles. They destroyed the justice and the consistency of the measure, and he became so disgusted that he was ready to abandon it. Inconsistency was less troublesome to Mr. Sherman, however. He was a "practical politician," something Mr.

Morrill never was. He believed more revenue to be necessary; he believed in protection; he believed in winning votes for the party wherever and however he could. This bill contributed to all these ends, and he himself undertook to engineer it through the House. Mr. Sherman's task was made the easier because in May, when the Republicans had met in Chicago to nominate their candidate for president, they had put into their platform a plank which pledged the party to support protection, though they did not have the courage to use the word. This plank was plainly a bid for the vote of communities which could be held to the party only by protection, preëminently the state of Pennsylvania. The great leaders of the party, Mr. Lincoln, Mr. Chase, and Mr. Seward, did not believe that the tariff should be taken up at all at this time. Indeed, only a few days before he was nominated as president Mr. Lincoln wrote to a correspondent that "the tariff question ought not to be agitated in the Chicago Convention." Mr. Chase had always stood with the Democrats on the matter, and Seward had expressed his view in the Senate in 1857 when the tariff bill was up: "It is not wise, it is not just, to draw from the pockets of the people into the Treasury of the country an amount of money greater than the current expenses of the Treasury require."

The Morrill Bill passed the House in May, 1860, but the Senate would have none of it. That body was still Democratic and the South still led. Not only was the South strongly free trade in its opinions, but at that moment no bill originating with the Republicans had a ghost of a chance, such was the bitterness of the feeling. The bill went over to the next session, and the next session brought a tragic change in the Senate. By the time Mr. Morrill's bill had a hearing six states had withdrawn from the Union, and their Senators had left Washington. The withdrawal of the Southern

Senators left the control to the Republicans, and it soon became evident that the bill would probably pass. The result was a fierce onslaught by all sorts of interests. Almost everybody got what he wanted. Some of the items which went into the schedule were long subjects of mirth and scandal to the opposition. Such was the protection of 20 per cent accorded to wood-screws. At that time there was but one small factory for wood-screws in the country. It was situated in Providence, Rhode Island, and Senator Simmons, who secured its protection, and who was popularly supposed to be interested in the concern, was long known as "Wood-Screw" Simmons. The bill also carried a generous basket clause into which all raw materials and all manufactured articles "not otherwisé provided for" were dumped.

It was little wonder that jobbery found an easy way into the bill. The country was in an uproar over secession and in a state of doubt and unrest about Mr. Lincoln — what would he do? Was he the man for a crisis? A poor time indeed to consider deliberately so serious a matter as new tariff schedules! There was an imperative need of money and it looked as if this bill would give it, so the Morrill Bill finally went through, and 48 hours before his term ended President Buchanan gave it his signature.

The immediate effect of the Morrill Bill was something quite unlooked for. The increased tariffs made Europe deeply indignant. England and France were particularly hard hit; for instance, the duties on cheap clothes, of which they sent us great quantities, were largely raised. Besides the growing free trade sentiment abroad, the sentiment of the liberal party everywhere was shocked that the new Republican party, which had arisen against human slavery, should take the narrower view of commerce. To make the matter worse for the Republicans, the seceders, in session at

Montgomery, adopted a tariff for revenue only. Thus, before Sumter was fired on, Europe had turned to the Confederacy as the more liberal in commercial policy. It is probable that if the Morrill Bill had been simply a revenue measure the cause of the North would have met a very different reception in Europe from what it did.

The London *Times* clearly stated the foreign point of view:

"It will not be our fault if the inopportune legislation of the North combined with the reciprocity of wants between ourselves and the South should bring about considerable modification in our relations with America. No one after the recent debate on the slave trade can doubt that England is still in earnest on this point, and will never buy commercial advantage at the cost of her honor. We should infinitely prefer dealing with a single responsible government to maintaining two embassies and running the risk of misunderstandings with two highly sensitive democracies. But the tendencies of trade are inexorable, and our manufactures will infallibly find their way to the best market with the regularity of a mechanical law. . . . It may be the Southern population will become our best customers. . . . Granted that a permanent secession can be effected by a 'peaceful appeal to the ballot-box,' and that the moral and economical evils of slavery do not prove fatal to a society based on it, material prosperity will not fail to follow unrestricted intercourse, and the free States will long repent an act which brings needless discredit on the intrinsic merits of their cause."

This "discredit" to the cause grew in Europe as the days went on. Not only did the bill hurt Northern trade and alienate European sympathy, it was the chief reason the Confederates had for thinking their new government would succeed. It was driving trade to their ports, thus giving them money. It was making Europe their friend, thus giving them position. And nothing could be done. On all sides the Morrill tariff

was denounced as a stupidity, a blunder, an outrage. There were even many demands for an extra session to repeal it. Too late the Republicans saw that their first measure as a party had been a mistake. And then suddenly the whole situation of the unhappy bill was changed by the breaking out of war between the North and South.

The first and most imperative necessity in war is money, for money means everything else — men, guns, ammunition. Mr. Lincoln and his cabinet when they found in the spring of 1861 that they were in for a war of more than 90 days, at once called an extra session of Congress to provide the means for carrying it on. It fell to Mr. Chase, the new Secretary of the Treasury, to suggest what could be done. Practically our whole income came at that time from duties on imported goods. How could they be made to yield more? What other sources of revenue could be tapped? Mr. Chase had various suggestions to make, but it is with only one of them that we have to do here — the raising of the tariff on imported goods.

Under other circumstances it would not have been agreeable for Mr. Chase to suggest increased duties. All his life he had been what the Whigs called a free trader — that is, he had preached Democratic doctrines on the tariff. He was one of a large number of leaders in the Republican party who had originally been Democrats and who had joined the new organization solely because of its anti-slavery sentiments, and who had reluctantly swallowed the new party's leanings towards protection, hoping always, no doubt, to uproot them finally. Mr. Chase had probably been the less inclined to make any show of objection to the protectionist program of the new organization because he had hoped to be its choice for president. But Mr. Chase had not been his party's choice for president. On the contrary, he had been obliged to accept

from his successful rival a portfolio for which he had no love and no training — that of Secretary of the Treasury. Disappointed as he was, badly used as he felt himself to be, he undertook manfully the hard task of raising money for the war. From the first his determination and confidence were the firmest. The money was in the country. It must come into the National Treasury, if not by one means, then by another. "The war must go on," he told the bankers who hesitated to take his loans, in July, 1861, "until this rebellion is put down, if we have to put out paper until it takes a thousand dollars to buy a breakfast." And when they gave him their terms with a "this-is-our-ultimatum," he replied, "It is for me to make ultimatums; not you." Higher tariffs then instead of lower Mr. Chase naturally advised, and he asked Congress to amend the Morrill Bill to this end. Many of its duties he raised, articles which it placed on the free list he took off. On many articles he arranged for a double duty, that is, duty on both value and quantity, and he tacked to the bill a direct tax of $20,000,000 to be divided among the states and a tax on all incomes of over $800. Mr. Chase expected from this measure as amended to get something like $80,000,000 of the $318,000,000 he calculated he would need in the next year (ending June 30, 1862).

There was no delay in the adoption of the bill. Its worst enemies were for it. Even the New York *Evening Post*, which had fought the Morrill Bill with teeth and claws, which had called it a "booby of a bill," the "blunder of the age," now said resignedly that in the situation the best thing to do was to "patch it up." "The great object we have in view during the continuance of the war by financial regulations," said the *Post*, "is to raise, in the easiest and least burdensome manner, the largest possible amount of revenue. To further this object, free traders can readily work with pro-

tectionists. War is an exceptional state and demands extraordinary measures. For this reason we are prepared to support a scale of duties at present which we should oppose if the nation were at peace."

Thus, in less than five months after its passage the Morrill Bill, a protectionist measure, framed when there was but little protectionist sentiment in the country and made a law by the signature of a Democratic president elected on a platform of free trade throughout the world, a bill so changed from its first condition that its author had been inclined to abandon it, loaded with jobs, the cause of serious business disturbances in the North, of the alienation of European sympathy, of great gain and satisfaction to the South, had been accepted with resignation by its most intelligent enemies. Almost without knowing it the country had returned to a policy which nearly 20 years before it had abandoned. It is not too much to call the measure the foundation of a revolution in our commercial life. Henry C. Cary, the economist, did not greatly exaggerate its importance when he wrote Mr. Morrill: "You have connected your name with what is destined, I think, to prove the most important measure ever adopted"; nor did Mr. Blaine when he said, in his Recollections, that if the Morrill Bill had been passed under other circumstances, it would have been regarded as an "era in the history of the government."

Mr. Chase had calculated that the receipts from the amended Morrill Bill would amount to about $80,000,000 a year, but they fell far short — only about 51 millions, of which the customs yielded 49 millions. The expenses of the war increased at a frightful rate, and it was soon evident that the struggle was to be longer than had been expected. Early in 1862 new schemes of taxation began to be considered. The result was that the Ways and Means Committee decided to

ask Congress to pass an internal revenue bill, and still further to add to the duties provided for in the Morrill Bill. It was in June when the two new measures came from the committee. Taken together they were calculated to make the country gasp. The tax bill touched almost every article of daily life. It provided for licenses on a man's business whatever it was — running a bowling alley, a hotel, or an attorney's office; for taxes on his income and his inheritances, on his carriages, his gold watch, his silver plate; for revenue stamps on the documents he signed, the telegrams he sent, the matches he struck; nothing that he ate or drank or made escaped. The direct taxation on manufactured articles was so high that in many cases it would have acted as a bonus to foreigners to bring in their goods if the Ways and Means Committee had not foreseen this, and aimed to amend the tariff law so that increased duties would compensate for the internal taxes. As might have been expected from the hurried way in which the bill had been prepared, the duties intended as compensations were not always exact. Sometimes, as in the case of books and umbrellas, they were insufficient, and the foreigner could bring over his wares and undersell the over-taxed domestic producer. Again, the duties were in excess of the direct taxes and served only to protect the home manufacturer in extortionate prices. Thaddeus Stevens, the chairman of the Committee, and Mr. Morrill both explained to the House with great care that the whole scheme of the changes was to make the additional duty cover as nearly as possible the internal taxes. "If we bleed manufacturers we must see that the proper tonic is administered at the same time," said Mr. Morrill. Any duty not compensatory was placed purely for revenue reasons. In no case, they said, were the new duties for protective purposes — the whole change must be regarded as "temporary" — a war measure, and nothing else.

It was a foregone conclusion that the bills whatever their provisions would pass, for the people were actually demanding taxation, that the war might be properly waged. Nevertheless, there was much bitter remonstrance at the duplication of taxes, which in certain cases was excessive and unjust. Take the newspaper business, for instance. Almost everything a printing house used was taxed — paper paid 3 per cent; a duty was put also on rags imported for paper-making, which still further raised the price; the advertising income was taxed. Revenue stamps were required on every telegram a member of the staff sent, on every check made out, on every official paper signed. When the bill was under consideration, the New York *Herald* computed that it would add from thirty to forty thousand dollars a year to its expenses. The *Herald* got great joy out of the situation. *It* could afford the expense, but in its judgment no other New York newspaper could, and in a long and interesting editorial (July 1, 1862) it said, jubilantly: "Many papers will be killed, but the *Tribune* and the *Evening Post* will die first. They have no advertising patronage and but very little circulation, and so by a just retribution of Providence they will be the first victims of the taxation which they have brought upon us by causing our Civil War." The comforting assurance of the destruction of his two hated contemporaries, combined with the disgust and anger of England over the increased duties, gave Mr. Bennett such satisfaction at this time that he became almost benevolent towards the Lincoln administration.

Mr. Greeley did not share Mr. Bennett's conviction that the *Tribune* would be destroyed by the new taxes, for he wrote Mr. Morrill:

"If newspapers are to be taxed at all, their advertising can bear it best, as it is a source of profit which circulation is not. We

can stand 2 mills per pound on paper — though that will be a pretty productive tax. I think that item alone will cost the *Tribune* establishment $7000 per annum, all to come out of profits that can't be made in these times. Still taxes must be put on — only do give us some substantial retrenchment — especially of mileage — to go to the people on."

The House passed the new bill promptly. Even if it had felt more seriously than it did the objections to it there would have been little chance of delay, for the chairman of the Ways and Means Committee, Thaddeus Stevens of Pennsylvania, was a dictator who tolerated little interference with any measure he approved. Mr. Stevens at this time was a man of 70, sombre and gaunt, with rugged features, deep-set eyes, and a splendid brow. He was lame, a club foot, and his health was permanently broken. But never had his wit been keener, his sarcasm more biting, his eloquence greater, his will more indomitable. He understood Congressional tactics as few men ever have, and he was a filibuster of first order. He was frequently unscrupulous in getting what he wanted. If *he* wanted it, it must be right and the means were a secondary consideration. Stevens always stood by his own, right or wrong, not that he entertained illusions about his Republican colleagues. "Which one is our d——d rascal?" he asked one day when called upon to vote in a contested election case, and "our d——d rascal" got his vote. The last thing Stevens would allow was delay over revenue bills. If a member took to questions he considered immaterial in the debate he hauled him back sharply to his muttons, and it was a rash man indeed who offended a second time. Only one thing would send him off on a tangent, and that was an effort to secure some advantage over a man of another race or color. In the debate on the present bill, for instance, he broke out in a fiery de-

nunciation of California because the representatives were trying to secure a high duty on cleaned rice, which the Chinese used almost exclusively. The Californians frankly avowed that the duty was intended as a discrimination against the Chinaman. Stevens was at them in an instant, the engineering of the bill quite forgotten, in a hot speech against the injustice of their attitude.

That there was discrimination possible against your white fellow-man in applying a protective tariff, Stevens seems never to have understood. Duties were never too high for him, particularly on iron, for he was an iron manufacturer as well as a lawyer, and it was often said in Pennsylvania that the duties he advocated in no way represented the large iron interests of the state, but were hoisted to cover the needs of his own small and badly managed works. He was as unsound on all financial matters as he was on protection. He wanted to pay the war debt in greenbacks, had a horror of gold going out of the country, and once proposed a law forbidding it to be bought and sold. But taken all in all, Thaddeus Stevens was probably what the House needed in the crisis, a prejudiced, violent dictator, with a holy passion for the Union cause. Such men get things done if the after-cost of their work is heavy. Stevens soon sent the tax and tariff bills to the Senate, where, if not greatly improved, they were passed with promptness. Considerable suspicion was popularly attached to many of the Senate changes in the excise bill, particularly because of the close connection with it of Senator Simmons of Rhode Island. The Senator's connection with the Morrill Bill which had won him the sobriquet of "Wood-Screw" Simmons has been referred to above. It was fresh in public mind then. He still further distinguished himself at the time he was engineering the tax bill by a gun contract so unsavory that it had to be investigated. It was

shown beyond quibble that he had been promised $50,000 for getting a contract for one of his constituents and that he had already received some thousands of the money. The Senator did not pretend to deny the fact, but he declared his transaction to be "strictly legal." The committee was severe on him. He had no more right to sell his influence, they said, than his vote, both were "the property of the country"; but they intimated that as he was really no worse than many of his colleagues, it was better to let him off, and let off he was, though he soon resigned. The affair did not raise the tax bill in the estimation of the public, nor increase public confidence in the merits of the compensating tariffs which accompanied it.

The passing of the bill went almost unnoticed by the press, so engrossed were the people in war. (It was the summer of McClellan's Virginia campaign.) A few newspapers of free-trade principles tried to make an issue of it, but without success. Mr. Greeley came out in the *Tribune* declaring that he would not be drawn into a discussion on protection as long as the war lasted. Indeed there was room for little on the wonderful editorial page of the *Tribune*, where Horace Greeley stripped bare his agonized heart, but the war and the emancipation of the slave. Greeley, too, was satisfied enough to let protection reëstablish itself through a revenue bill, for if there was anything which he held almost as sacred as human liberty, it was the doctrine of protection to American industries. Greeley saw protection as an actual wealth-producer, and when the Morrill Bill was up in 1860, he declared: "We have as undoubting faith that this bill if passed would add at least $100,000,000 per annum to the earnings and wages of labor throughout the country as we have that the sun will rise to-morrow." He was one of a very few men in public life whose belief was something more than an in-

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heritance from Henry Clay. In one of his Institute talks he once told how he became a protectionist:

"From early boyhood I had sat at the feet of Hezekiah Niles, Henry Clay and Walter Forward and Rollin C. Mallary, and other champions of this doctrine, and I had attained from a perusal of theirs and kindred writings and speeches a most undoubting conviction that the policy they commended was eminently calculated to impel our country swiftly and surely onward through activity and prosperity to greatness and well-assured well-being. I had studied the question dispassionately, for the journals accessible to my boyhood were mainly those of Boston, then almost if not quite unanimously hostile to protection; but the arguments they combated seemed to me far stronger than those they advanced, and I early became an earnest and ardent disciple of the schools of Niles and Carey, and could not doubt that the policy they commended was that best calculated to lead a country of vast and undeveloped resources like ours up from rude poverty and dependence to skilled efficiency, wealth, and power."

It is undoubtedly true that the mantle of the early protectionist advocates Niles and Carey fell on Horace Greeley, and that what the one did in the "Register" and the other in his pamphlets, Greeley continued in the *Tribune*.

There was much calculating on all sides of the amount the new tax bills would yield. *Harper's Weekly* at the start estimated that it would be $185,000,000, and in November (1862) it said the amount would be nearer $275,000,000, but it was far too sanguine. At the end of the year (June, 1863) it was found that the customs had yielded less than $64,000,000 and the excise only about $41,000,000, and the country had been spending in the last two years an average of over one and one half millions a day. The funds raised by taxation were a bagatelle beside the enormous loans which had to be made, the legal tender which had to be issued. By

the beginning of 1864 it became evident to Mr. Lincoln and his cabinet that more money must be raised by taxation. It was not a popular thing to do, for the slow progress of the war, the awful cost in life and money, had raised a strong party against Lincoln. It looked as if he might not be reëlected. The opportunists around him advised against any measures which would increase dissatisfaction, but Mr. Lincoln wanted no misunderstanding about his intentions in regard to the war. It had got to be finished at all cost, and he wanted the people to understand what his reëlection meant. He asked them for more men and more money, another draft, higher taxes, higher tariffs. The raising of the tariff was as a method much less disturbing to Lincoln than imposing direct taxes. He had the old Whig's horror of the tax-collector, and indeed had pictured effectively in his early campaigning "assessors and collectors going forth like swarms of Egyptian locusts, devouring every blade of grass and other green thing." In 1859, when there was a general curiosity as to what he believed, a correspondent asked him as to his tariff views, and he replied:

"I was an old Henry Clay-Tariff-Whig in old times, and made more speeches on that subject than any other. I have not since changed my views. I believe yet, if we could have a moderate, carefully-adjusted protective tariff, so far acquiesced in as not to be a perpetual subject of political strife, squabbles, changes and uncertainties, it would be better for us. Still it is my opinion that just now the revival of that question will not advance the cause itself or the man who revives it. . . . We, the old Whigs, have been entirely beaten out on the tariff question, and we shall not be able to reëstablish the policy until the absence of it shall have demonstrated the necessity for it in the minds of men heretofore opposed to it."

In May, 1860, he was still of the same opinion on making the tariff an issue. "I now think," he wrote the same corre-

spondent, "that the tariff question ought not to be agitated in the Chicago Convention, but that all should be satisfied on that point with a presidential candidate whose antecedents give assurance that he would neither seek to force a tariff law by executive influence nor yet to arrest a reasonable one by a veto or otherwise." After his nomination and election he steadily refused to say anything on the question. It was not, in fact, until February 15 (1861), when he reached Pittsburg on his way to his inauguration, that he uttered a word. In Pennsylvania, however, some expression was unavoidable. The tariff had played a greater part in that state in electing Mr. Lincoln than had slavery and unionism. Indeed, Mr. Blaine does not hesitate to say that if Governor Curtin had not spent most of his time in the campaign advocating protection, the state would have gone Democratic, and if Pennsylvania had gone Democratic, Mr. Lincoln would probably have been defeated. An expression of opinion then was unavoidable, and he gave it; — certainly it was moderate enough. After quoting the tariff plank of the party platform he said modestly: "I have by no means a thoroughly matured judgment upon this subject, especially as to details. . . . I have long thought it would be to our advantage to produce any necessary article at home which can be made of as good quality and with as little labor at home as abroad. At least by the difference of the carrying from abroad. In such cases the carrying is demonstrably a dead loss of labor. . . ." After developing this argument, which was one of his strongest early ones and the only one of which full notes have been saved to us, he added: "The condition of the Treasury would seem to render an early revision of the tariff indispensable," and he went on to advise "every gentleman who knows he is to be a member of the next Congress to take an enlarged view and post himself thoroughly so as to contribute his part to such an

adjustment of the tariff as shall produce a sufficient revenue, and in its other bearings, so far as possible, be just and equal to all sections of the country and classes of the people."

There is nothing to show that after he reached Washington Mr. Lincoln ever considered the tariff other than as one of the several methods by which money could be raised. If he saw, as he probably did, that there were many injustices in the measures passed, that some duties were too high for revenue and beneficial only to the special interests which had fought for them, that others were trades outright, he still knew that, all things considered, the bills were as good as could be expected. It is probable indeed that none of the important legislation of the war received less attention from the president than the tariff bills.

Congress was with the president in 1864 in his insistence on means for finishing the war, and in June a new tariff bill went to the Senate. It had been out of committee just eight days when it was adopted by the House and the debate on it lasted less than two days. The Senate was even more expeditious, for it was reported there on the 14th, taken up on the 16th, and passed on the 17th. That it was possible so to push the bill through was due to the wonderful generalship of the chairman of the Senate Committee on Finance, William Pitt Fessenden of Maine, a man whom Charles Sumner once declared to have been in the financial field what all our best generals were in arms. Fessenden was at this time about 58 years old, and he had been in the Senate for nearly ten years. Before the slavery question called him into public life, he had stood at the head of the Maine bar, a position his father had occupied for forty years before him. He was an untiring student, a clear thinker, and a forcible and convincing speaker. He had great dignity — "the dignity of a Cato," one of his acquaintances has said, but he combined with it "the bitterness of a Junius."

Certain things were sure to arouse him — buncombe, misrepresentation, jobbery, and — *Charles Sumner*. His propensity to quarrel with Sumner was chronic. He seemed to take as a personal insult Sumner's untiring fight in war times to keep a tariff off books, rags for paper-making, magazines, philosophical apparatus for schools and works of art. Sumner never lost a chance to declare these tariffs "barbaric," "taxes on knowledge." "Why should not knowledge pay as well as everything else?" Fessenden would ask. This is war, and these tariffs are justified by the circumstances. Why should not rags pay? and he intimated that he knew well the gentleman in Boston who made paper and who had stirred Sumner up to make an attack on the rag duty. Besides, why should not American ragpickers be protected as well as American wool-growers? It was an industry to be cultivated.

But while Fessenden's antagonism to Sumner coupled with his dyspepsia might make him often irascible, it never interfered with getting things done. The bill in question was put through with only two days' debate, purely from his ability to whip the members into prompt action — to his quick wit, his fine tact in steering them away from unprofitable side issues and from subjects which precipitated heated and time-taking discussion. For instance, in the present bill the higher duty proposed on railroad iron caused great anxiety to railroad interests, especially in the West, where much building was going on. The duty on railroad iron in the bill of 1861 had been $12.00 per ton; it was proposed now to make it 70 cents per 100 pounds. The whole West rose in arms. Kansas and Minnesota were particularly disturbed, since they were laying track as rapidly as possible. It cost from two to three thousand dollars a mile for rails now, and nobody knew what it would cost if duties were raised. It looked very much as if railroad building would be stopped. "The development

of the country was something even in war times," urged the Senator from Minnesota. This tariff meant less revenue, Senator Pomeroy of Kansas declared, for importation would cease. It simply meant that the iron men who were demanding it would put up their prices. They were paying 50 per cent dividends now and watering their stock. The entire iron business was rapidly becoming a monopoly. We could better afford to import all our iron from England than let this happen. But the suggestion of importing anything from England at that moment was like fire to powder. An explosion always followed. Mr. Pomeroy's suggestion brought Zach Chandler of Michigan roaring to his feet. "If I had my way," he shouted, "I would raise a wall of fire between this nation and Great Britain. I would not only not allow her iron to come here, but I would not let a single pound of any article she manufactured come here during this war. . . . Let the railroad interest suffer and any other interest suffer. It is nothing to me, I am for the tax and the highest tax." Mr. Fessenden well understood the danger in allowing an outbreak against England to start, and he quietly and firmly insisted that the discussion be confined to the duty on rails.

The new bill was signed on June 30, and went into effect at once. Under it duties rose from the 37 per cent of the bill of 1862 to over 47 per cent. The effect on prices was appalling. The cost of living, already enormous, increased, until it looked as if the "thousand-dollar breakfast" Secretary Chase had threatened was to come; even goods unembarrassed by taxes or tariffs, like butter and eggs, rose with the rest — sympathy and speculation the causes. In some cases the hoisting of prices almost caused riot. In New York and Brooklyn there was great excitement over the attempts of the gas companies and the street railroads to take their taxes out of the public, although it had been expressly stipulated

that they were to pay them themselves. In August after the bill went into force, the Manhattan Gas Company notified customers that they must pay $3.25 per thousand instead of $2.50; the Brooklyn Gas Light Company and several others did the same. Higher fares on the street car lines were announced. There was a great uproar in the press and on the street, for it was well known that the companies were already making enormous profits. The Manhattan Gas stock at this time was quoted at $1.90 (50 being par) and New York Gas Light at $2.85¼ (50 par). Confiscation of franchises and the establishment of municipal plants were advocated generally. In Philadelphia there was an agitation at the same time in favor of coöperative coal companies, the price of coal, which it was estimated cost $6.00 per ton delivered, being put at $10.00. If the indignant cities had carried out their threats they would probably by this time have been free of their most arrogant task-masters.

Hard as the situation was made for common folks, they endured it patiently, grimly, convinced that there was no other way to end the war. There has never been seen, indeed, in the world's history, a more splendid courage in bearing burdens than the people of the United States — North and South — showed in the Civil War. It is an inspiring thing to study. If it had had no reverse! But it is one of the curious and puzzling phenomena of human nature that the situation which inspires some to their highest endeavor arouses others to their lowest. That the same cause makes martyrs of some men, cormorants of others. If a war for a great cause brings out the nobler qualities of human nature, it brings out at the same time the vicious. If fine fellows march in the line and go bravely into battle, mean ones hang on their flanks and rob the battlefield. If the mass of people pay the cost by the sweat of their brow, a minority trades

on their necessity. Never have we had this violent contrast more marked than in the Civil War. Take the attitude of the people towards the taxes and tariff. The mass bore the burdens imposed without a whimper, yet from the first there was a large number whose sole aim was to manipulate taxes and tariff to serve their interests. They ignored the principles the makers of the bills laid down clearly, that everything was to have a duty put on it which could be made to yield revenue. The consumers of raw materials fought fiercely for free wool, free cocoa, free everything, and they fought as hard for increased duties on their products; not satisfied that these duties compensate for internal taxes, they wanted them higher than the taxes. The government was the best patron of importers and manufacturers, and it was a customer not too careful that it got what it bargained for, such was the stress of its situation, and these manufacturers and importers cheated their great patron at every turn. They gave shoddy for wool, adulterated the food they sold, undercounted and underweighed. Frequently what they sold had been smuggled in, for smuggling flourished abundantly under the high duties. All that free traders had ever said of the inducement the protective system gave for cheating the government was more than proved true. An organized system of smuggling from Canada was in operation before the end of 1862, and it grew steadily throughout the war until it was an open secret that the markets of Boston particularly were full of smuggled goods. The closest watch had to be kept for this reason, on every attempt to put a duty on an article hitherto free. Thus in 1864 Mr. Fessenden stopped a proposed tariff on spices. He had discovered, he said, that the gentlemen who imported spices had already on hand in warehouses a great quantity held for the higher prices which the duty would cause, and that full prepa-

rations had been made to keep up this supply by smuggling from Canada — an easy thing to do, since anybody could fill his pockets with nutmegs and walk in unnoticed. The cost of guarding the border became enormous, three times the ordinary number of revenue cutters were on the Lakes, and a cordon of officers extended from Maine to the Pacific coast. Besides, the management of the custom houses throughout the war was notoriously bad, the service being sprinkled with the incompetent and dishonest. In New York alone it was estimated that the government lost from 12 to 25 millions annually through fraud — then as now false invoices being the favorite method of cheating.

But the adherents of free trade and direct taxation could not boast that their system gave no opportunity for like abuses. The men who fought for higher duties fought against excise. They made false returns of income and property in the same way that importers made false invoices. If importers brought in great quantities of unprotected goods and then organized a campaign for protection, manufacturers in anticipation of taxes piled up huge stocks; 40 millions of gallons of distilled spirits and nearly 80 millions of cigars were made and stored in anticipation of the tax of 1864. When it was seen that matches were to be taxed, stocks were so piled up that the first year the government collected only a small proportion of its estimate. After the stock was exhausted the return from the tax on matches increased 216 per cent in five months; then the manufacturers devised a new trick; they put 100 instead of 50 matches in a box. The law required only one stamp on a box — thus the tax was cut in two. Factories were transported across the Canadian border; and as the reciprocity treaty let matches in free, it began to look before the close of the war as if the match tax would be null.

On the whole, it is probable that the collection of the

direct tax was accompanied by less fraud than the collection of the customs, but the service made up in inefficiency what it may have lacked in dishonesty. The taxed were on the alert to escape, and the collectors were too inexperienced to circumvent them.

There certainly never has been in this country so admirable an opportunity to compare these two systems of raising revenue as we had at this period. The amount each yielded, the expense and difficulty of collection, the effect on the loyalty of the people and the opportunity for greed and dishonesty — all can be placed in parallel columns for comparison. If anything is proven by the comparison it is that no system of organization and administration does away with human selfishness; that whatever the system, the men who have it in their hearts to cheat their fellows, are going to find a way. Regeneration lies deeper than system: it lies in the nature of the men who use the system.

On March 31, 1865, the last tariff bill of the Civil War was passed, an amendment raising many duties, among others that on railroad iron. Nine days after it was passed Lee surrendered, and almost as soon as the news reached Washington orders went forth to stop many of the extraordinary measures which war had made imperative. It had been declared from the first that the high tariff and the direct taxes were simply and only measures for war revenue. In framing the tariff bill of 1862 the committee entitled it a bill to increase duties "*temporarily.*" Mr. Morrill, Mr. Stevens, and Mr. Fessenden all explained again and again that the increased duties were to compensate for excise taxes. There are repeated passages from their speeches of the same tenor as this from Mr Fessenden in 1864: "The tariff is adjusted and was adjusted upon the simple principle with reference to the internal tax." Sumner reiterated the idea whenever

he had the chance. "I regard all our present legislation as temporary or provisional in its character," he said in 1864, when an irate fellow Senator pointed out the growing hardihood of manufacturers in demanding protection and the danger of fastening high duties irrevocably on the country. "It is to meet the exigency of the hour."

Nothing is clearer indeed than that in the minds of the men who devised them — in the minds of the people who paid them, the tariffs with which the country found itself in 1865 were temporary, just as the army was temporary, the internal taxes temporary, that with the end of the war they would come off. But a war does not "end" with the laying down of the musket. That is but the turning point in the fever. The consequences are left to take care of — tens of thousands of men to detach from army life and reassimilate into civilian life; thousands of maimed and weakened soldiers to find occupation and homes for; thousands of widows and orphans to care for. It is over forty years since Lee surrendered to Grant, but the army of the Civil War is still with us.

Nor does the laying down of the musket put an end to the cost. War means debt. It is fought on a nation's credit — not wholly on its income — not on its surplus, and the debt remains. When the government at Washington came to consider its financial condition in 1865 after the so-called "end of the war," it found itself with the colossal debt of over *twenty-eight hundred million dollars* ($2,808,549,437.55 to be exact). Interest on this must be paid. The principal must be paid. Tariffs and taxes might be "temporary," but it was evident that they must be adjusted to take care of the war debt. How was it to be done? It was evident that between redeeming its pledge to make the taxes temporary and meeting its obligations the government of the United States had a very pretty financial problem on its hands.

CHAPTER II

AN OUTBREAK OF PROTECTIONISM

The Civil War wrought many changes in the people of the United States, and none more amazing than that in their attitude toward money — the amount they could spend — the methods by which it could be raised. Here was a people who in 1859 had looked with dismay on a debt of $58,000,000 facing confidently one of $2,800,000,000; a people to whom in 1860 raising an income of $62,000,000 had seemed difficult, actually provided in 1866 one of $559,000,000; a people to whom direct taxes had always been abhorrent and who had repudiated high tariffs, submitting patiently to both as one of the dire necessities of war. The war was over, but the debt and the extraordinary expenses remained, and to meet them harsh and sweeping taxation must be continued.

This was plain to everybody, but it was equally plain to those who studied the balance sheet of the treasury that many things could be done to equalize and reduce the taxation. The debt itself could be readjusted to be much less burdensome. As it stood it was made up of some twenty different kinds of paper;—bonds, treasury notes, certificates of indebtedness of all kinds due at nearly twenty different dates, and drawing almost as many different rates of interest. The paper currency which kept the money market in a constant state of unrest could be redeemed. Great economies could be made in the administration of the government. These things done and a careful estimate of essential expenses computed, nobody had any doubt but that the people would

consent to the taxation required with as little grumbling as human nature usually meets taxes.

That the revision of the revenue was work for experts, not for politicians, had been realized before Mr. Lincoln's death, and in March, 1865, a commission had been appointed to look into the whole subject and report. The head of this commission was a man who was to wield a big influence in the country in the next few years, and one to whom we owe more credit than he has ever received, David A. Wells. Mr. Wells was a New England man, who had first attracted attention by planning and constructing in the printing office of the Springfield *Republican*, where he wrote editorials, the first machine ever made for folding newspapers. He made money from his invention, and used some of it in giving himself a scientific training at Harvard as a special pupil of Louis Agassiz. In 1864 Mr. Wells, who had become interested in economic problems, wrote a pamphlet, called "Our Burden and Our Strength," which attracted general attention, both here and abroad, and led naturally enough to his choice as one of the revenue commission referred to above. There were two other members on the commission, but from the beginning Mr. Wells dominated it, and his first report, made January 1, 1866, showed in a very clear way what was before the country.

By his calculations the taxes and tariffs then in force ought to yield in the year ending June 30, 1867, $435,000,000. Now the Secretary of the Treasury had estimated that we could get along that year on $284,000,000. Let us say three hundred millions, proposed Mr. Wells, and then let us set aside fifty millions a year for reducing the debt — that still leaves $85,000,000 to be taken off the taxes. Where should it be applied? To the internal taxes or to the custom duties? Mr. Wells knew the feeling of the people. They hated direct taxation, they preferred duties on imports, and he worked

out a plan for taking the $85,000,000 off the former, but at the same time he called attention to various inequalities in the tariff which should be corrected. They came mainly from the lack of equalization between the two systems of taxation. The duties on imports were supposed to be arranged so as to compensate for the internal taxation; not infrequently, however, the tariffs were placed without proper consideration, and grave inequalities had resulted. These were of two kinds: either the tariff was less than the taxes, so that the manufacturer could not compete with foreign goods imported, or it was considerably higher than the taxes, so that he could put up his prices until they practically prohibited importation, thus cutting off revenue and heavily burdening the consumer. Certain cases of the first kind became familiar at the time from the fact that they touched everybody, and were explained clearly and in detail in Mr. Wells's report. There was the matter of book-making. Everything which went to make a book was *separately* taxed, — paper, cloth, boards, glue, thread, gold-leaf, leather, and type, — and when the book was complete it was taxed 5 per cent on the selling price. It cost 59½ cents to make a book requiring a pound of paper. The same book could be made in England and delivered in New York, including duty (the duty on books was 25% on the value) for 26¼ cents. Little wonder that American book publishers sent their work abroad to be done or that the boys and girls of the time were using Webster's Spelling Books made in England. The umbrella was another common article over which there was much trouble. Each item which went into the making of the umbrella — sticks, rods, handles, tips, bands, tassels, buttons, cover — was produced by a different establishment, and each paid its own tax. The cover usually was imported, and silk paid a duty of 60 per cent. The finished parasol

paid a 6 per cent tax. Now the duty on an imported umbrella was 35 per cent on its value. Naturally umbrellas were imported in quantities and sold at a price lower than they could be made for at home.

But while there were cases where the tariff did not compensate for the tax there were more where it had been forced far beyond it. If these tariffs had increased the revenue, they might, under the circumstances, have been justified, but they did not do that. They limited importation and enabled the home manufacturer to put up his prices, and it was he, not the government, who got the extra money. At the same time it cost the government a great deal to collect the small sums realized on these over-protected articles, often more than the sum itself.

If the government could get on with $85,000,000 less than it could collect, it seemed obvious that it ought to begin cutting down those internal taxes which were so much too high for the tariffs. It seemed obvious, too, that unremunerative tariffs ought to be cut off. But no sooner did the talk of reducing tariffs on any article begin than there came a loud outburst from many manufacturing centres against any reduction. The internal taxes must come off at once — that they demanded, but no tariffs should be lowered. The cry to preserve the tariffs soon turned in many mouths to one to raise them. Copper (in blocks), which under the bill of 1864 had had a duty of 2½ cents a pound, now asked for double that. Iron rails which already were carrying a duty of 70 cents a hundred pounds and selling in New York for over $80 a ton, while they cost only about $32 in Wales, asked a higher duty. The salt miners of Michigan and New York, whose profits at the moment were enormous, demanded still greater protection. As soon as the House Committee of Ways and Means got to work on a tariff bill, which was early

in 1866, an army of determined tariff lobbyists poured into Washington, declaring they must have more protection or they would perish.

That there were grave embarrassments in the business of the country could not be denied. Five hundred thousand men, young men at that, had been taken permanently from the ranks of bread-winners by the war — and those dependent upon them were now the country's wards. Immigration to which the government had looked for reënforcements for labor was falling off. The tremendous demand which a great army makes upon manufactures of all kinds was at an end. Particularly did the iron mills, the woollen factories, the railroads, the produce merchants, feel this sudden cessation of trade. Prices were probably 90 per cent higher than before the war, although wages were not over 60 per cent higher. But these embarrassments were the inevitable results of war — as logical as the debt or the disabled soldier. Somehow the transition from the abnormal condition of war to the normal one of peace had to be made; somehow for the artificial demand and cost the natural must be substituted. It meant economy, curtailment, lower prices, lessened output; hard times, in short, for a period. There was no class in the country from whom patient endurance of the difficulties of the situation could be more fairly asked than the manufacturers. They had for the most part enjoyed four as fat years as ever fell to the lot of man. It is doubtful indeed if any industry at any period of the world's history had reaped so great rewards in so short a time as that of iron in the Civil War.

The difficulty now was that these manufacturers were not willing to pay their share of the cost of the war. They demanded higher protection that they might make their prices higher, and thus ease as much as possible the necessarily

hard transition state. Congress was to do for them what economy and patience should have done.

As it happened the demands for a higher protection were made on a Congress under the dictatorship of a man for whom no tariff could ever be too high — that was Thaddeus Stevens. When the first tariff bill was presented to the House in June, 1866, by Mr. Morrill, everybody knew Stevens was near his end, but emaciated, white, and suffering as he was, his nerve was still superb. Too weak to walk up the Capitol steps, two stalwart negroes carried him. "Who will carry me when you are dead, boys?" he said to them one day with a chuckle. The fight between Congress and President Johnson over Reconstruction had developed, and Johnson had already singled out Stevens as his chief enemy. He was soon to begin to ask as he "swung around the circle," "Why not hang Thad Stevens?" Johnson was not mistaken in placing the responsibility. Stevens had always disliked him. "Can't you find a candidate for vice-president of the United States without going down to one of those damned rebel provinces to pick up one?" he had asked Colonel McClure in 1864. His dislike had grown to open opposition, and he was now leading the Congressional fight with spirit, ability, and bitterness. Yet weak as he was, and absorbed as he was in the undoing of the sullen suffering man at the other end of Pennsylvania Avenue, no measure escaped his dictation, least of all a measure which touched a doctrine so dear to his heart as the protection of American industry.

The bill was not in before it was evident Stevens was dissatisfied with it. It was, he declared vehemently, a free-trade measure. As a matter of fact no bill the United States Congress had seen up to this date had less consolation for the free-trader in it than the one Mr. Morrill now introduced. Although just before the bill was reported

$75,000,000 had been taken from the internal revenue taxes, no compensating reduction had been made in the tariff. Not only did it preserve the average of 47 per cent, which the bill of 1864 imposed, but it increased many duties, notably those on copper, iron, steel rails, wool and woollen goods, salt, all articles which touched the mass of consumers. Many purely protective duties which could yield no revenue were added — such were the duties proposed on grindstones and on nickel. So inconsistent was the bill with the former professions of the party, so evident was it that it was going to make the price of many essential articles higher, that Mr. Morrill, candid gentleman that he was, apologized rather pathetically for it. He had hoped, he said in course of debate, that at the close of the war the tariff had reached its maximum, and that the earliest business of Congress after taking off internal taxes on manufactures would be to reduce duties by the full compensating amount. That this could not be done with safety was due in his mind entirely to the failure of Congress to redeem the currency. As long as there was $917,000,000 of paper money in circulation Mr. Morrill thought the tariff could not be lowered, but ought rather to be raised. His argument was not particularly clear or convincing, but it was obvious that he believed what he said, and that he was greatly worried over the situation.

Mr. Morrill's doleful apology for raising duties was entirely misplaced as far as the dominant factor in Congress was concerned. It was not the higher duties which stirred that body to protest against the bill, it was the lower; it was not the extravagant increases, it was the moderate ones; it was not the articles added, it was those omitted. Thus, among other items in the schedule was one making the duty on Nova Scotia coal 50 cents a ton, although the duty on coal from other points was $1.25 a ton. This discrimina-

tion was, of course, for the sake of New England manufacturers, who were cut off from using native coal by the freight charges of the long haul. Again, scrap iron was not protected at all and shoddy had a duty only *four* times what it had been formerly! These and other similar changes in the bill were not fairly before the House when Stevens broke out in anger at the moderation of the measure. "I look upon this bill as a free trade bill from beginning to end," he stormed. Nova Scotia coal should pay the full tariff of $1.25, and that was not enough. There was not a word about scrap iron in the bill, shoddy should pay more. "It is a most extraordinary imposition upon the protective tariff of the country." But Stevens was physically too weak to do justice to his indignation — more than once when he tried to address the House he sank back into his seat, exclaiming, "I am too exhausted," but if he could not defend his doctrine, he had a Pennsylvania colleague who could, and far more cunningly, with far more knowledge and fairness than Stevens. This was William D. Kelley of Philadelphia. Kelley at once took hold of the debate on the bill, his whole weight being thrown in favor of the highest protection of any article which could be made or grown in the United States. His knowledge of the articles on which he spoke, and his eloquence, clearness, and conviction in presentation, were such as to mark him at once as the probable future leader of the high protectionists.

But bold, able, and determined as the protectionist sentiment in the House showed itself, it was not to go unchallenged. A species of three-cornered fight developed within the party. There was Mr. Morrill defending while deploring the bill, on the ground that paper currency made it necessary, — there were the high protectionists led by Mr. Stevens in spirit and Mr. Kelley in speech, and there was a most interesting body of moderate protectionists, led by three representatives from

Iowa, John A. Kasson, James F. Wilson, and William B. Allison. These men were ably seconded by Frederick A. Pike of Maine ("tax-fight-emancipate Pike") and Henry Raymond of New York. Ridicule, protest, argument, were in turn tried by this group. "It is well understood that there are many very worthy manufacturers of coffee in this country," Mr. Pike said in disgust one day; "they make it of chicory, beans, peas, rye, wheat, dandelion root, and many other things. So there is reason for retaining a small duty on coffee in order to protect that worthy class of our manufacturers."

Mr. Raymond, who was indignant over the increased duty on railroad iron — a duty which he declared would increase the annual expenses of the two roads in his state, the Erie and the Central, at least $2,000,000 — exclaimed: "If the bill of 1865 is not sufficient protection, what in Heaven's name will be? We were told at the beginning if we protected this infant industry it would soon stand alone. We have been doing it for thirty or forty years, and yet every session of Congress witnesses new demands for increased protection."

It was Mr. Kasson who did perhaps the most effective service against the measure. He wished simply "to foster the incipient industries of America until they were able to take care of themselves without help, in fair competition with the industries of foreign countries." To make the duties so high that foreign competition was removed, was, in Mr. Kasson's judgment, to encourage monopoly. This was a bill "to prevent the diffused blessings of Providence from being enjoyed by the people of the United States," he declared. Who were the handful of wool-growers in the country that 34,000,000 consumers should be taxed to support them? Mr. Kasson was especially bitter against the higher prices the bill would undoubtedly make for farmers. "What does this bill do?" he asked. "It raises the tariff on lumber, which

is so necessary to the Western prairie farmer; on nails, without which he cannot drive his boards on his house or build his fence; on salt, without which he cannot preserve his beef and pork. There is hardly a thing he consumes which this bill forgets to raise the duty upon. Every prominent necessity of life, food, fuel, shelter, and clothing, is embraced and made more expensive to the consumer throughout the country. Even on boys' pocket-knives the duty is increased about three times — 600 per cent — one member of the committee tells me. And yet it is said this is a tariff for mere protection. Why, sir, you are protecting the American people until they will not be able to buy one solitary thing that is protected if this goes on." It was unjust to the consumers, and, said Mr. Kasson, "*Consumption represents millions, capital only thousands.*"

The majority of the Western representatives were with him in the feeling that the bill was unjust to the farmer. "Long John" Wentworth of Illinois, a Republican of Democratic antecedents, did some sensible, pointed arguing against the higher duties on the ground that they were against the very men (the farmers) "who do most of the tax-paying in peace and most of the fighting in war." He warned emphatically that not only was the bill a discrimination, but that it was certain to encourage interstate combinations — a warning which was repeatedly dropped during the debate, and to which the tendency to combination in the salt, iron, and copper industries gave particular force.

When Wentworth and the Westerners found that there was little chance of defeating the bill they declared that it must be made just all around — there must be protection for the farmer and they asked for 30 per cent on cattle, 50 per cent on fruit, more on grain, duties which raised strong protests from Pennsylvania and other manufacturing centres. This

would take the necessaries of life from the reach of "their poor toiling millions." Yes, said the Westerners, but you are taking the necessaries of labor from *our* "poor toiling millions."

That members of the Republican party should dare in his presence to talk such doctrine was gall and wormwood to Mr. Stevens, and he flung at them, and at Mr. Kasson particularly, an epithet which in his mouth was only one degree less opprobrious than that of "slave-holder" and "rebel" — "free trader," and he could prove it, for here was Mr. Kasson's name on one of the circulars of the Free Trade League. Mr. Kasson did not deny the charge: "I have the distinguished honor," he replied, "of being a councillor-elect to it, and I am giving my counsel to it (the League), and to all the people of the United States."

The bill passed the House by a large majority — the high duties on farm products which the Westerners asked tacked to it. It was evident that Congress, as a whole, had broken with the avowed tariff policy of the past 20 years.

It was the middle of July, 1866, when the bill reached the Senate — too hot for tariffs, the Senators decided. It was several months indeed before it came before them. Along with it came a bill prepared by Mr. Wells, who had been greatly disturbed by the outbreak of high protectionism. A moderate protectionist himself — he appreciated the injustice and the dangers in recklessly and generally increasing duties. He had carefully studied the schedules, and he knew how inevitably disaster must follow to some interests from the sweeping changes proposed. He accordingly prepared a bill much more moderate in its duties, which he claimed would give the necessary revenue and at the same time protect as far as was just. It met the hearty approval of the Senate, where there had been much sarcasm spent on the House

bill, principally by the Republicans themselves. "The idea has seemed to prevail of late," said Mr. Fessenden, "that if anybody choose to start a new manufacture by way of experiment, thinking he can succeed in it, the duty of this country, whatever the effect on commerce, or whatever the taxation on individuals, is to place duties which will prevent the importation of that article if it interferes with the manufacture started. . . . Is it worth while," he asked, "to prohibit the importation of all articles and end our relations with foreign countries?"

Mr. Wells's bill was made an amendment to the revised House bill, and sent back. Mr. Morrill advised its acceptance, and promptly. The time had come when, in his opinion, it was "reasonable to have an unreasonable tariff." But there were few of the members, particularly of the Western members, who agreed with Mr. Morrill. The bitter feeling that the East was legislating for itself to the injury of the farmer broke out hotly. A genuine struggle of sections followed, to the disgust and alarm of Stevens, who knew that if the Westerners could not or would not accept the "home market" argument, high protection was a lost cause. That his own side should imperil the bill was particularly trying to him. "If the gentlemen who are in favor of a tariff bill hold their tongues and vote," he snarled, "letting the other side do the talking, they may get a tariff, but they never will if they keep up their debate." But they would not hold their tongues, and they did not get the bill. In the general dissatisfaction it failed. But high protection did not end with it. The failure to pass the bill was the signal for a move of far-reaching consequences.

The morning after the House dropped the bill Mr. John Sherman asked the Senate to consider a measure for raising revenue by putting up the duties on wool and woollen goods.

There was a general outcry. Where did such a bill come from — who had ever heard of it — how could Mr. Sherman expect a measure plainly in the interest of a single industry to be properly considered, when Congress was to expire "day after to-morrow," and more and more of the same kind, including some caustic remarks about the influence a private industry must have to force such a measure before the Senate at such a time.

As a matter of fact the bill now so suddenly sprung on the Senate had been lying in wait for some seven months for just such a contingency as the failure of the tariff bill — a fine example of business foresight! This was its history: In July, 1866, when the Senate postponed taking up the tariff Judge Bingham of Ohio had brought into the House a bill providing for higher duties on wool and woollens. It was evidently framed to take care of the wool-growers of his state. Certain woollen manufacturers, who had known nothing of his intention, saw the danger of the bill antagonizing both Congress and those manufacturers who were advocating free wool, and persuaded Judge Bingham to allow it to be sidetracked until the fate of the general tariff was decided. This was done, the bill being quietly passed on to the Senate, where nobody but Mr. Sherman seems to have known or remembered anything about it. When the tariff bill dropped, the wool interests immediately asked that their special measure be presented, and Mr. Sherman agreed. Part of the dismay that the Senate showed at the presentation of the measure was no doubt due to its familiarity with the solid organization and effective lobbying of the wool manufacturing interests of that day as well as with their reputation for unsavory lobbying in the past. It was not yet forgotten how in the forties and fifties the wool interests had combined with the Pennsylvania iron men to force Western representatives, who

at that time were all working for land grants for railroads, to vote for their tariffs. The scandal of 1857 in the fight for free raw wool was not yet forgotten. The charge of corruption at that time had even forced a Congressional investigation in which it was shown that one Boston wool firm had spent some $87,000 of its own money besides some thousands of other people's. These sums they charged frankly on their books "to expenses in securing the passage of the tariff of 1857." The investigation showed that the agent of the manufacturers confiscated most of the money intrusted to him; that none of it, as far as shown, ever reached a Congressman, though a considerable sum did go to editors and "influential persons" — such was $5000 to Mr. Thurlow Weed, for collecting statistics and using arguments!

The insistent demands of the wool men, for years, had been such, that even good Mr. Morrill had grown tired of them. "Their evils somehow never disappear," he said, querulously, when he presented his bill in '66, and he went on then to say that never since he had been in Congress had so large a number of petitions for help been received as had been coming from the wool interests East and West. The wool men, as a matter of fact, were organized then as probably no interest in the country had ever been before. The chief organization was the National Association of Wool Manufacturers, having at its head as able a lobbyist and promoter as the country has ever produced — this was John L. Hayes — a New Englander — a graduate of Dartmouth and of the Harvard Law School, a man of wide and varied experience. He had been counsel for Canada when the reciprocity treaty of 1854 was framed. He had founded iron works in Maine and promoted a railroad in Mexico. He had been in politics. He had held office in Washington. He was a natural scientist of no mean order — a man versatile, knowing, engaging, and

energetic. Mr. Hayes took charge of the interests of the wool manufactures in 1865, and he carried on a splendid campaign for higher tariffs. The only hitch in it had been the necessity of combining with the wool-growers. The decline in the price of wool after the war had lead the latter to conceive the idea that if all foreign wool could be shut out of the country, the domestic grower would be able to monopolize the market—at his own price. To accomplish this they had organized to fight for a duty which they meant should be prohibitive. The disadvantage at which the manufacturer would find himself, should such a measure pass, was obvious, but to fight for free wool was to antagonize a group of unusual political power. Ohio was the chief centre of this group, but it could count on the support of New York, Pennsylvania, and Michigan. Mr. Hayes realized that if the wool manufacturers should succeed in keeping their raw material free, the wool-growers in retaliation might force low duties on woollens. It seemed to him and to the association he directed better policy to work with rather than against their opponents, and largely through his influence the two conflicting interests were brought together at a convention held in Syracuse, New York, early in 1866. There was an attempt to convince the sheep men that free raw wool would benefit them more than any tariff, but they refused the argument. They must have real protection. The two interests succeeded finally in working out an agreement which satisfied each. The basis of this agreement was, as afterwards stated by Commissioner Wells, "that the duty on raw or unwashed wools and hair, other than wools adapted for carpets, should be fixed at rates varying from ten to twelve cents per pound, and from ten to eleven per cent ad valorem. In order, then, to compensate the manufacturer for such a prospective enhancement of the price of his raw material, it was agreed that, in considera-

tion of the fact that *four* pounds of the cheapest imported wool (mestiza), paying an aggregate duty of forty-six cents, were *sometimes* employed in the fabrication of a pound of finished cloth, the duty on cloth should be fifty cents per pound, and on other fabrics of wool of varying weight a duty in like proportion. In order, next, to give the manufacturer protection against his foreign competitors, 25 per cent ad valorem was added; and in order to further compensate for the payment of an internal revenue tax of 6 per cent, *which tax was repealed in the succeeding year,* 10 per cent more was added, thus making the aggregate duty on shawls, cloths, and woollen goods generally, fifty cents per pound and thirty-five per cent ad valorem. It will thus be seen that if the manufacturers, as is often alleged, did not enter into the arrangement for an increase in duty through their own seeking, they nevertheless managed to secure full compensation for all that was granted to the wool-growers; and in addition to that, through force of subsequent circumstances, an additional protection in excess of what, according to their showing, they considered necessary."

This was the basis of the wool schedule which had been embodied in Mr. Morrill's bill and also of the bill which Mr. Sherman had sprung on the Senate. That the Senate did not like the wool bill was evident. On all sides there was strenuous opposition to protecting one industry and not another, and yet the bill went through. It is worth nothing in view of the support of the scandalous wool schedule of 1909 by both the Senators from Massachusetts, that both Senators Summer and Wilson of Massachusetts voted against the wool bill of 1867 and that Senators Morrill and Fessenden absented themselves. A few hours before the end of the session the wool bill was received by the House and passed. But its fate was by no means decided. It still

must have the President's signature, and the President was Andrew Johnson. Johnson was in poor temper to favor any measure sanctioned by "Thad Stevens and his gang." He had just vetoed one of Stevens's pet measures, and it was very likely he would veto any bill favoring a special interest, for his traditions and sympathies were all with a liberal commercial policy. Mr. Hayes knew this, and he and his friends collected outside the door of the Capitol chamber, where, as the custom is, the President signs bills on the last night of a session. Late in the evening it was rumored that the bill would be vetoed. Hayes hurriedly summoned aid, — Bingham of Ohio, the framer of the bill, the Secretary of the Treasury, and the Attorney-General. What pressure this force brought to bear on Mr. Johnson is unknown, but at a minute before twelve, according to Mr. Hayes's story, the President put his name to the wool bill. It was a great triumph for Mr. Hayes. "The wool bill of 1867 and its enactment into law," says one of the protectionist organs, "were chiefly due to his personal influence with leading members of both branches of Congress."

The passage of the wool bill proved that an industry, if strongly enough organized and headed by a sufficiently able and respectable lobbyist, could secure from the Congress of the United States protective favors which could not be secured for the whole mass of industries. The lesson had immediate effect. The next year (1868) Congress was asked to pass a similar bill, favoring the Lake Superior copper industry. The rich mines in that section had been in operation for several years, and in the last two or three years their output had been increasing rapidly. As was natural, there had been a great amount of speculation in copper mining stocks. The public had subscribed almost as much to wildcat and bogus copper schemes in this period as to the same kind of oil

schemes. Probably something like $20,000,000 had been actually invested in the region, there were forty or fifty thousand persons settled in the district, and there was a considerable fleet on the Lakes in the copper-carrying trade. It was the beginning of a great industry. Now for many years there had been in Maryland, Connecticut, and Massachusetts copper-smelting works which used ores from Chile and Cuba mixed with ores from the Eastern states. Since 1864 the Eastern concerns had paid a duty of 5 per cent on foreign copper ore. The Lake Superior interests had been suffering for several months from decreased prices, due largely to a great increase in the world's copper output. They had asked relief in 1866, and a higher duty had been accorded them in the bill that failed. They now concluded, as the wool men had, that if they could not get what they wanted in one way they would in another, and in July, 1868, brought in a bill asking for a duty equal to about 25 per cent on copper ore. It was a rate which, if granted, was bound to put the New England and Baltimore works out of commission, put an end to the carrying trade with Chile and Cuba, raise the price of copper so that American-built ships could not get their copper bottoms in our ports, and drive many industries then using copper to cheaper substitutes, like galvanized iron, sheet tin, zinc, or lead, and put still others to an expense which, as they would have no compensating tariffs to protect them, would greatly cripple them. Excited debate followed the bill everywhere, especially in the Senate, where Zach Chandler fought for it. The time had come, he declared, when the manufacturers were not going to have all the protection; miners and farmers were going to have it now. There was not an article made in Connecticut, which was opposing this bill, which was not protected, "not an article from a wooden button to a brass clock or from carpetings to Jew's

harps." If you don't give protection to us this way (through special bills), we'll take a horizontal tariff for our copper and lumber and wheat and wool, and then if "your clocks will not run, let them stop." His picture of the suffering of the miners following the closing of the mines no doubt won many to the measure. It was because of that, said Mr. Morrill, that he should vote for it, though he believed it would help speculation in copper stocks more than the suffering miners of Michigan, and that it was a blow to ship-building and commerce. Would it not be better, suggested Mr. Grimes of Iowa, to organize a branch of the Freedman's Bureau and send it to Michigan to take care of the miners?

The bill finally passed and by large majorities, and in February, 1869, went to President Johnson. Whatever the influences which had induced Johnson to sign a bill which must have been so repugnant to him as the wool bill, there was little chance that they would have any effect upon him now. His term was almost over. In a few days he was to yield the White House to "that little fellow Grant," as he called him, and go back to his Tennessee home to hoe potatoes and discuss politics with his neighbors in his son-in-law's village store.

He was going out in a sense victorious, for he had not been convicted, and his arch-enemy Stevens was dead, and yet it is doubtful if the end of his terrific fight with Congress gave him much happiness, if indeed anything could give him real happiness. Certainly Johnson suffered throughout his four years as President as few people at the time realized. One of his secretaries once said that in the two years he was with him in the White House he never saw him smile but once. Ill himself, his beloved wife a bed-ridden invalid, unfitted for companionship, suspicious of his associates, narrow in mind, bitter and resentful in heart, there was little reason indeed why

Andrew Johnson should smile. Yet unquestionably he got a grim pleasure from his vetoes, even out of his impeachment trial. He believed he would be convicted, and his secretary tells of the satisfaction he got from the idea that his persecutors would all come to bad ends. He learned Addison's Cato by heart, and went about the White House rooms delivering it. He studied the trial of Charles I of England, and ordered the names of those who signed the death warrant and the terrible ends to which they all came tabulated. His secretary says he believes Johnson was not a little disappointed when he was acquitted. It took from him the bitterest of the many bitter cuds he incessantly chewed.

Throughout his administration Johnson had fought with little effect the horde of lobbyists, speculators, land grant agents, and other suppliants for government aid, whom the war had brought together and Congress had rather encouraged than discouraged. The bills granting tariffs to special interests belonged to this category unquestionably, however respectable their supporters, and it was to be expected that Johnson would veto the copper bill, and he did, sending with his veto the following message — not his own, however. The letter was written by Mr. Wells.

Feb. 23, 1869.

To the House of Representatives: The accompanying bill, entitled "An Act regulating the duties on imported copper and copper ores," is, for the following reasons, returned, without my approval, to the House of Representatives, in which branch of Congress it originated.

Its immediate effect will be to diminish the public receipts, for the object of the bill cannot be accomplished without seriously affecting the importation of copper and copper ores, from which a considerable revenue is at present derived.

While thus impairing the resources of the government, it imposes an additional tax upon an already overburdened people, who should not be further impoverished that monopolies may be fostered and corporations enriched.

It is represented, and the declaration seems to be sustained by evidence, that the duties for which this bill provides are nearly or quite sufficient to prohibit the importation of certain foreign ores of copper. Its enactments, therefore, will prove detrimental to the shipping interests of the nation, and at the same time destroy the business, for many years successively established, of smelting home ores in connection with a smaller amount of the imported articles. This business, it is credibly asserted, has heretofore yielded the larger share of the copper production of the country, and thus the industry which this legislation is designed to encourage is actually less than that which will be destroyed by the passage of the bill.

It seems also to be evident that the effect of this measure will be to enhance by 70 per cent the cost of blue vitriol — an article extensively used in dyeing and in the manufacture of printed and colored cloths. To produce such an augmentation in the price of this commodity will be to discriminate against other great branches of domestic industry, and by increasing their cost expose them most unfairly to the effects of foreign competition. Legislation can be neither wise nor just which seeks the welfare of a single interest at the expense and to the injury of many and varied interests at least equally important and equally deserving the consideration of Congress.

The enactment of such a law is urged as necessary for the relief of certain mining interests upon Lake Superior, which, it is alleged, are in a greatly depressed condition, and can only be sustained by an enhancement of the price of copper. If this result should follow the passage of the bill, a tax for the

exclusive benefit of a single class would be imposed upon the consumers of copper throughout the entire country not warranted by any need of the government, and the avails of which would not in any degree find their way into the treasury of the nation. If the miners of Lake Superior are in a condition of want, it cannot be justly affirmed that the government should extend charity to them in preference to those of its citizens who in other portions of the country suffer in like manner from destitution. Least of all should endeavor to aid them be based upon a method so uncertain and indirect as that contemplated by the bill, and which, moreover, proposes to continue the exercise of its benefactions through an indefinite period of years. It is, besides, reasonable to hope that positive suffering from want, if it really exists, will prove but temporary in a region where agricultural labor is so much in demand and so well compensated. A careful examination of the subject appears to show that the present low price of copper, which alone has induced any depression the mining interests of Lake Superior may have recently experienced, is due to causes which it is wholly unpolitic, if not impracticable, to contravene by legislation. These causes are in the main an increase in the general supply of copper, owing to the discovery and working of remarkably productive mines and to a coincident restriction in the consumption and use of copper by the substitution of other and cheaper metals for industrial purposes.

Although providing for an increase of duties, the proposed law does not even come within the range of protection in the fair acceptance of the term. It does not look to the fostering of a young and feeble interest, with a view to the ultimate attainment of strength and the capacity of self-support. It appears to assume that the present inability for successful production is inherent and permanent, and is more likely to

increase than to be gradually overcome; yet in spite of this it proposes by the exercise of the law-making power to sustain that interest and to impose it in hopeless perpetuity as a tax upon the competent and beneficent industries of the country.

The true method for the mining interests of Lake Superior to obtain relief, if relief is needed, is to endeavor to make their great natural resources fully available by reducing the cost of production. Special or class legislation cannot remedy the evils which this bill is designed to meet. They can only be overcome by laws which will effect a wise, honest, and economical administration of the government, a re-establishment of the special standard of values and an early adjustment of our system of state, municipal, and national taxation (especially the latter) upon the fundamental principle that all taxes, whether collected under the internal revenue or under a tariff, shall interfere as little as possible with the productive energies of the people.

The bill is therefore returned, in the belief that the true interest of the government and of the people require it should not become a law.

ANDREW JOHNSON.

Of course Congress passed the bill over Johnson's veto. Mr. Pike of Maine, who regarded the bill as "class legislation of the worst kind," and knew the feeling that one of the President's vetoes inspired, begged his colleagues "to vote on the measure and not on Andrew Johnson," but no remonstrance or argument had any effect. The bill was passed over the veto by a large majority.

It was again demonstrated that any private interest which could secure the backing of a powerful Senator or Representative like Sherman of Ohio, Chandler of Michigan, Kelley of Pennsylvania, could obtain what it wanted from the Congress

of the United States, though that favor might raise prices to consumers without giving them compensation in other directions, might destroy established industries, and injure an established commerce.

The demonstration was not lost. By 1870 the tariff was a conglomeration of special favors. The duties were not for revenue — many of them, like copper, cut down the revenue. They had no relation any longer to the excise, for while that had been steadily decreased the promise to decrease the tariff at the same time had been broken. The duties had no relation to each other; that is, the cost of manufacturing an article might be materially increased by the duty on copper or iron or soda-ash, but it received no compensating help — not until it had organized a lobby and laid siege to Congress.

These unjust and unscientific duties had not been laid without protest. Men like Morrill, Garfield, Fessenden, Allison, Kasson, Raymond, and Sumner had warned against the outbreak. "It smells of monopoly," they said again and again, and yet most of them when it came to the test voted with their party. Many of the ablest Republican newspapers, especially those in the West, harangued incessantly against the unfairness of the legislation. But remonstrance, even an attempt at discussion, only aroused the angry cry of "free-trader" from the dominant faction in Congress. "It has become impossible," said Mr. Wells, in his report of December, 1869, for one "to suggest any reduction or modification whatever looking to the abatement of prices artificially maintained in the interest of special industries without being immoderately assailed with accusations of corrupt and unpatriotic motives."

The tariff legislation was but a part of the deplorable and general attempt which followed the war to make Congress do for the individual what it was his business to do for himself.

Men seemed to believe that their futures depended on legislation — to have forgotten or never realized that legislation can do nothing more than distribute wealth — it cannot produce it, and that the only way you can get money to legislate into the pocket of one individual is by taking it out of the pocket of another. Washington had come to be filled with as fine a band of plunderers as ever besieged a National Congress: tax swindlers, smugglers, speculators in land grants, railroad lobbyists, agents of ship companies, mingled with the representatives of industries seeking protection, until it seemed as if Congress was little more than a Relief Bureau. At one time in 1869 there were 41 railroads or would-be railroads seeking aid in the House, and 37 in the Senate. What was to be the effect of this outbreak of protectionism? Many sober people asked themselves the question in dismay. But at the moment everybody was looking to Grant. The new President would certainly help the situation — bring back Congress and the party to candid discussion, institute economies, clear Washington of the self-seekers.

CHAPTER III

THE WAR TARIFFS CONTINUED

WHATEVER hope moderate protectionists in Congress may have had that the new President would be influenced by their arguments in favor of tariff reform, was soon scattered. General Grant was of uncertain political antecedents. It is doubtful if he ever had any particular interest in the tariff question, and it is certain that he did not at that moment consider it a question for his administration to meddle with. In his first message he advised postponement of revision and against the renewal of the reciprocity treaty between the British Provinces and the United States. The one financial duty which he saw at his inauguration was the resumption of specie payment, and on that his voice was firm.

But even more important than the attitude of the new President on the tariff was the attitude of the new leader of the House. Who that would be was still uncertain. Thaddeus Stevens, who for fully eight years had driven the House like a flock of sheep, had died in August, 1868. There is no doubt that a sigh of relief went up from all the younger element in Congress. "The death of Thaddeus Stevens is the emancipation of the Republicans. He kept the party under his heel," said James G. Blaine one day soon after, as he walked in the rotunda of the Capitol with a friend. "Whom have you got for leaders?" asked the friend. "There are three young men coming forward," Blaine replied. "Allison will be heard from, so will James A. Garfield," and then he paused. "Who

is the third?" "I don't see the third," Blaine replied, gazing up into the dome. The third appeared a little later when Mr. Blaine was elected Speaker of the Forty-first Congress.

Blaine's attitude on the tariff was well known. He believed in high protection, but he was a politician before he was an advocate, and could be depended upon to give full hearing to anybody in his party who could muster votes. That he did not consider the tariff reformers strong enough to receive much consideration on the Ways and Means Committee was shown by his appointment of the chairman — Robert C. Schenck of Ohio. General Schenck's tariff position had been well characterized by himself when the bill of 1866 was up. "Sitting here a friend of protective tariff for eight years," he said, "*I have voted aye or nay as those who got up the tariff bills have told me.*" "But," he went on to say, "we begin to find something like fair play is proper in these things: We claim that what we do and can produce shall have the same protection which is given to the industry of the country, applied to the business of manufacturers." And henceforth Mr. Schenck worked for duties for the farmer, for anybody in fact that asked one. It is clear that the House thus organized could be depended upon to support the doctrine of high protection.

The vitality of the opposition within the party made itself evident, however, almost at once. Republican district conventions, particularly in the West, showed themselves restive, and at Mansfield, Ohio, in June, 1869, General Roeliff Brinkerhoff actually succeeded in getting into a Republican platform the following resolution:

"*Resolved*, That we are opposed to all class legislation, government subsidies and grinding monopolies of every kind, and, therefore, we heartily favor a revision of the present oppressive tariff, so as to adjust it purely to a revenue standard."

The way the press took up General Brinkerhoff's resolution showed how popular his theory was. Murat Halstead published in full the speech the General had made in presenting the resolution — and it was copied and commented on all over the country. The Free Trade League of New York City, a very energetic organization, sent for the General, and with him planned a lecture campaign. This plan was carried out; General Brinkerhoff and Professor Arthur L. Perry, of Williams College, the author of a book generally used at the time, "Elements of Political Economy," spending much of the fall and winter in discussing the need of tariff reform. At the same time a group of strong Republican newspapers, including the Portland *Advertiser*, the St. Louis *Democrat*, the Pittsburg *Commercial*, the Cincinnati *Gazette*, and the Chicago *Tribune*, one of the very ablest papers in the country, turned their batteries on the tariff. The last-named led in the campaign and led well. The *Tribune* was edited, at that time, by Horace White, and under his direction had attracted general attention and respect for its sound and authoritative economic discussion. Mr. White was a zealous student of economics, and he poured into the *Tribune* all the results of his careful work.

The chief opponents of Perry and Brinkerhoff and White in the discussion, were Horace Greeley and Henry C. Carey. Greeley was an extremist. "If I had my way — if I were king of this country," he told Garfield once, "I would put a duty of $100 a ton on pig-iron and a proportionate duty on everything else that can be produced in America. The result would be that our people would be obliged to supply their own wants, manufactures would spring up, competition would finally reduce prices, and we should live wholly within ourselves." And to prove the wisdom of this belief he began the publication in the New York *Tribune* of a series of Essays on Political Economy.

At the same time Henry Carey threw himself into the debate, writing a long series of letters to public men. Carey was at this time over 75 years old — and a more fierce and dogmatic championship of a cause could not be conceived than his of high protection and of paper money. Originally a free-trader Carey had early concluded that society was too undeveloped to practise it, and that a long period of protection must precede. His views on social and economic subjects he had elaborated in many volumes, the first of which had been published in 1835. The chief of his works are his "Principles of Political Economy" and his "Principles of Social Science." Both of these have been translated into a half dozen European languages, and they certainly must be reckoned with largely in tracing the influences which have made for protection in our time. Carey in spite of all his hard labor saw the people recede from his views in 1846, and the return to protection in 1860 had given him unbounded joy. He wrote Morrill frequent letters of counsel and instruction when he was at work on the bill of 1861, urging him always to more arbitrary action than his just and reasonable mind relished. "Nothing less than a dictator is required for making a really good tariff," Carey once said to him. So convinced was he of his position, so sure that he had solved finally the economic problem that any discussion or criticism spurred him to the most intolerant opposition. After Richard Cobden's death in 1865, Carey said in a public gathering in Philadelphia that he regarded it as one of those instances of special providence for which the United States had especial reason to be thankful; for, said Carey, it was the intention of Mr. Cobden if he had lived to have again visited the United States; if he had done so he might have lectured, and so have done great harm to the cause of protection.

David Wells was a particular abomination to Carey. His

reports pointing out the unjust discrimination caused by certain tariffs, and the fact that wages were not increasing in the ratio of expenses Carey charged to be untrue — juggling of figures paid for with "British gold." One of his pamphlets answering Wells he headed with this quotation from the New Testament: *Then one of the twelve called Judas Iscariot went unto the chief priests and said unto them "what will ye give me, and I will deliver him unto you?" And they covenanted with him for thirty pieces of silver and from that time he sought opportunity to betray him . . . and forthwith he came to Jesus and said "Hail Master," and kissed him.*

As a matter of fact Wells was doing serious injury to the schedules then in force by pointing out what they were and were not doing. For instance there was the wool bill of 1867. It had been in operation for nearly two years, and according to Mr. Wells wool was in a more depressed state than before its passage. His summary of conditions was startling:

1st. Wool to the agriculturalist at a lower price in gold than has almost ever before been experienced.

2d. A decrease in the number of sheep in the United States, estimated by the Commissioner of Agriculture at four millions for the single year of 1868, while other authorities place the total decrease as high as 25 per cent since the passage of the wool tariff.

3d. A condition of the woollen manufacture characterized by a greater depression than that of any other branch of industry in the country, with the exception of ship-building; small profit accruing to a few, heavy losses to the many, with numerous and constantly recurring failures.

4th. An increase in the importations of foreign fabrics of wool; the imports of the fiscal year 1868 being returned at $32,458,884, and for 1869 at $34,620,943.

5th. Encouragement of smuggling and its apparent reduction to a system.

"In short," concluded Mr. Wells after a full discussion of these points, "what is now needed to restore prosperity to the woollen industry, is a removal of all duties on the importation of foreign wools and dyestuffs, and a general reduction of the duties on manufactured woollen fabrics of every description to 25 per cent ad valorem. On this basis the most experienced woollen manufacturers in the country assure the commissioner that they can at once extend, diversify, and secure prosperity in their business. On this basis the cost of domestic fabrics will be so far reduced as to give great relief to the consumer, and lead to an immediate and largely increased consumption. And on this basis only can the wool-growers expect any immediate increased demand for his staple product of merino fleece; while in respect to the combing and the finer wools it is sufficient to say that the supply of these wools has not for the last few years increased in proportion to their consumption, and that the extension of their use in the American industry, which would inevitably follow a remission of the duties upon their import, would so far increase their demand as to give to the domestic producer all the encouragement that would prove necessary."

Among the many cases which Mr. Wells analyzed in his reports none excited more interest than that of salt. Salt was so widely diffused in the United States, and its production in various sections had been so cheap and simple, that the price before the war was very low. The efforts of the states where it was found, particularly of New York State, had always been to keep it abundant and cheap. But so many persons had gone into the business in that state that there had been at times over-production and serious price-cutting, and as early as 1860 the New York salt men formed a company to put a stop to this sort of thing. By a clever manipulation of the State Assembly, which was the guardian of the salt-wells,

they secured a law which permitted them to prevent the starting of any new salt-works. They then went to work to get control by buying or leasing all existing works. Succeeding in this they promptly shut down many of them and began to limit the output. The next year after the combination was formed came on the war, and the tariff on salt was raised to 12 cents a bushel (it had been 1½ cents in 1857). A year later it was raised to 18 cents, a duty equivalent to from 100 to 150 per cent of its value. This high rate practically put an end to foreign competition, and the exigencies of war taking the salt of Virginia and Louisiana out of the market, the Northern works had things pretty much their own way. Salt, which had sold at 20 cents a bushel in 1860, was selling five years later at 66 cents, and in 1869 at 48.

The Syracuse company made extraordinary profits under these circumstances. In 1861, the year after their first combination, 7 per cent. In 1862 they paid *six* dividends, one of them 12½ per cent. They soon issued a stock dividend of 100 per cent, and paid the same large cash dividends on this. In the first six years after the combination was formed it paid out $2,000,000 in dividends on a paid up capital of $160,000, and had a surplus of $600,000 on hand.

In the meantime the Michigan salt-works were growing rapidly. Their output which in 1860 had been but 4000 barrels became over a half million in 1864! But the same thing happened there as in Syracuse — too many companies. Sixty-six were operating there by 1866, and combination was applied, and the Michigan companies were soon consolidated into two. But the end of the war loosened the Southern works and competition was in danger of being restored. The New York and Michigan companies hastened to prevent such a disaster. They entered into negotiations with the Ohio River Company to limit the output, and the latter to make

itself firmer leased the Kanawha, Virginia, Salt Springs for $75,000 a year and shut them down. Simultaneously with this campaign for making salt scarce at home, the industry began one to make it still dearer, an agitation for more duty — 18 and 24 cents a hundred pounds were not enough, they wanted 30 and 42 cents, and this in spite of the fact that the internal revenue tax had been removed from salt. If the copper and wool men could get special bills through, why not they? There seemed no good reason to the House of Representatives — and they actually passed the measure — though the Senate did not concur, for lack of time, and the bill never became a law.

This interesting combination had not only succeeded through the tariff in making salt scarce and dear, but they had, as all such combinations do, given the lie to their claim that they could not produce it at a cost which would enable them to sell it cheaper, by exporting in 1868 some 500,000 bushels, which they had sold in competition with foreign salt, and by offering the New England fishermen who were allowed to import salt without duty, prices as low as those abroad; that is, they had one price for the land and another for the sea, one for Canada and another for the United States.

Mr. Wells's evidence on the salt monopoly was complete — it had made a necessity of life dear through a tariff much higher than the internal tax and the higher wage of American labor called for. The greater part of the extra price the consumers were paying was going not into the pockets of the laborers, but into those of the operators.

After salt the portion of the reports which attracted the most attention dealt with the tariff on iron. Pig-iron was still enjoying the protection of $9.00 a ton, given it in the spring of 1865, and this, though practically all internal revenue taxes on it had been removed. Its price had risen from $22.70

a ton in 1860 to an average in 1869 of $40.61. The cost of producing this iron in the United States, including interest, repairs, and incidentals, was from $24.00 to $26.00 a ton, and it could be bought in England at $27.12. Mr. Wells's conclusion, after examining all the elements in the problem, was that the cost of pig-iron to the American consumers was from $8.00 to $10.00 per ton more than was necessary to pay the American laborer his higher wage, and give the American manufacturer a fair profit; that is, the iron men were receiving a bonus of from $8.00 to $10.00 a ton from the country. Of course, this high price of pig-iron affected the cost of production in all sorts of industries. The most telling illustration of its effect was that of ship-building. The year the Civil War broke out the tonnage of the merchant marine of the United States was 5,539,813. Twice as many American vessels entered British ports as British entered American ports. The *American Clipper* was famous all seas over. We were building vessels for the foreigners, and everybody was quoting with pride a remark of John Bright in the House of Commons that the finest vessels sailing between England and Australia were built in the United States. Iron vessels were at this time beginning to replace wooden. England had taken the lead in their building, but we were beginning the industry, and our success in all related industries made it certain that we should succeed here. The war, of course, interrupted trade sadly. But the alarming thing was, that the war over, there was no recovery of the loss. On the contrary, it increased. In 1869 the tonnage had fallen to 4,246,507. Instead of American vessels filling British ports, British filled ours. A trade between the United States and Brazil carried on in 1860 in 345 American and 178 foreign vessels was almost exactly reversed. Shipyards all along the coast were shutting down. Why was it? The ship-builders did not hesitate

to say: "The day of the iron ship has come, but it cannot be built in America. The ship that costs $88,000 in Scotland, costs $138,000 here." It is not the superior cost of labor the ship-builders contended. The advantage the Scotch and English ship-builders have in cheap labor is compensated for with us by superior efficiency and by labor-saving devices. It is the cost of materials that cripples us. Just as the increased cost of copper, through a high duty, had put an end to copper bottoming and repairing of wooden ships in American ports, so the high tariff on iron and lumber was putting an end to ship-building.

Mr. Wells included many other similar illustrations in his report, but it was wool, salt, iron, and ship-building which demonstrated his points most clearly: that tariffs, which were so high that they were practically prohibitive, as in these cases, could not restore a depressed industry, they raised prices unnaturally high to the consumer, gave unnatural profits to the few manufacturers as in the case of pig-iron, led inevitably to monopolies as in the case of salt, and destroyed related industries as in the case of ship-building.

The report created a great noise and played a big part in the debate on the tariff bill, which General Schenck introduced into the House in February, 1870. That any bill attempted at this juncture should follow the pledges the leaders had given in '62 and '64 to reduce the tariffs as the internal taxes were reduced, would seem evident. But there was no proof that General Schenck and his committee had given more than a passing glance at these pledges. That the tariffs, whose unjust and dangerous excess had been demonstrated, should be corrected, seemed evident — but they were either ignored or only partially readjusted. Thus pig-iron, which undoubtedly would have been amply protected by a duty of $3.00 a ton, was allowed $7.00. The revenue was re-

duced, as it was imperative it should be, by lowering the duties on sugar, tea, and coffee — a "free breakfast table" being the committee's slogan. An animated wrangle followed the introduction of the bill. The leaders on the extreme wings were William D. Kelley of Pennsylvania for the high protectionists, and S. S. Cox of New York for the free traders; while Messrs. Allison of Iowa and Garfield of Ohio led the moderates.

Mr. Kelley was at this time at the height of his power, and a more passionate and convinced supporter of the doctrine of protection has never sat in the Congress of the United States. He had not always been a protectionist. "In 1847," he wrote once, "I had seen with gratification the protective tariff of 1842 succeeded by the revenue or free-trade tariff of 1846. To promote this change I had labored not only with zeal and industry, but with undoubting faith that experience would prove its benefits. For ten years all went well, and then came the panic of 1857." To Mr. Kelley it was a knock-out blow. He seems not to have considered the natural causes of the disturbance, but to have concluded the trouble lay entirely in the tariff, and for two years he went through the agony of a man losing his faith. Then in 1859 he sought Henry C. Carey for help. His conversion to protection was complete. As he himself said he came to regard the doctrine as an "exquisite harmony." Everything which we could produce or manufacture should be so protected that the foreigner could not enter the market. By diversifying and expanding our industries we would draw greater and greater numbers to our country, thus giving larger and larger markets to our farmers. The manufacturers were to supply all the tools of the farmers and miners — the farmers and miners all the raw materials of the manufacturers. Encouraged by prosperity production would multiply, and competition would

reduce prices at home lower than abroad. It was a perfect circle.

There is no doubt that the basis of Kelley's devotion to protection was his belief that it was for the interest of the American working classes. The improvement of their condition was the passion of his life. Apprenticed as a boy to a Boston printer he had refused to be sent to college lest it might wean him from his class. He wanted to taste with them all the experiences of poverty — to know what it cost for a day-laborer to live and rise in America. He had studied law at night, had sought the society of Channing and Emerson, had become a man of influence, but his motive had remained unchanged. The misery he saw in 1857 he charged entirely to the free-trade system. He could not rest until he had found a substitute. He believed he had found it in the "exquisite harmony" of protection.

Having adopted a formula he believed competent to solve all problems, Kelley could support no criticism of its operations. Mr. Wells's demonstration that high tariffs had not restored wool to its old vigor, had been the determining factor in building up the salt monopoly, that the iron men were getting the lion's share of the duty on iron, that we could not build ships if we kept the price of materials so much higher than in other countries, was to him little better than blasphemy. Wells became his pet abomination — a detestation soon after extended to Professor Sumner of Yale, a man and an institution existing, he used to say angrily, for "the stupefaction of the youth of this country!"

In the debate on the Schenck Bill Mr. Kelley's defence of the high tariffs was impassioned and angry. Monopoly, what did he care for monopoly, he cried, when Mr. Allison called his attention to the fact that a certain iron manufacturer whose scale of wages Kelley was praising, had, with the only

three other of his kind in the country, agreed upon a list of prices made by adding to the price abroad the duty and a profit on the cost at home. "I do not care what they agreed to do if they are thereby enabling workingmen to keep their children at school, well-fed and comfortably clad, to maintain their seats in church and to lay something up for old age and a rainy day."

Kelley's refusal to consider any argument for lowering duties, particularly on iron, led to a charge that he was in the pay of the iron manufacturers. No proof of this accusation was ever offered. The New York *Nation*, which repeated it in 1872, made the *amende honorable* soon after, saying that Mr. Kelley and his friends had convinced them that he had no interest which would justify this charge. Kelley's case was different from that of Thaddeus Stevens, who did own an iron foundry. The cause of the charge was due no doubt to Kelley's unwillingness to admit that there could be evils in applying his favorite doctrine. For corruption *outside* of the tariff he had a just indignation — as for the whiskey frauds. He looked with horror on Simon Cameron; and in 1872, when office-seeking was causing great scandal, he refused to accept renomination to Congress, except on condition that hereafter he should not be regarded as a "patronage broker." His defeat was generally prophesied, but he kept his word and won.

At the other end of the scale from Kelley was Samuel Sullivan Cox, by far the most eloquent, witty, and well-informed debater the Democrats had. Cox was an uncompromising free-trader, and one of the most interesting figures in Congress. He was still a young man, forty-four at this time, but an experienced one. A graduate of Brown, he had first taken part in public life as the editor of the *Statesman* of Columbus, Ohio. Here at the very start he earned his

sobriquet of "Sunset Cox" by an editorial, which went all over the country; "A Great Old Sunset," it was called. It opened, "What a stormful sunset was that of last night! How glorious the storm, and how splendid the setting of the sun."

His popularity sent him to Congress in 1857, where, although a Democrat, he immediately put himself in opposition to the Buchanan administration by voting against the Lecompton Constitution. In 1866 he removed to New York City, which promptly sent him back to Congress as one of its representatives. The spirit and wit Cox could infuse into a tariff debate can only be understood by reading the *Congressional Record.* His irreverent interpretations of extreme protectionism kept poor Mr. Kelley in a constant tumult. Kelley's sense of humor, which seems not to have been strong at any time, was utterly swamped by the serious view he took of his favorite doctrine, and Cox gibed him unmercifully. "Pig-Iron Kelley" he called him, and his resolutions "pig-iron resolutions." Perhaps his most successful sally at his opponents in this Congress was his resolution against free sunshine — a resolution adapted from Bastiat — made when there was a fight on against lowering the duty on coal:

"*Resolved*, That all windows, skylights, inside and outside shutters, curtains and blinds shall be permanently closed, as also all openings, holes, chinks, clefts, and fissures through which the light and heat of the sun have been allowed to enter houses to the prejudice and injury of meritorious miners and dealers in gas-coal to protect domestic industry."

"For the sun is a 'foreigner,'" explained Mr. Cox. "He comes from abroad, and we must shut out the light of the sun in order to gratify these Pennsylvania gentlemen who have a monopoly of this article of coal."

The real fight on the Schenck Bill was not, as already said, between Republicans and Democrats; it was as it had been in 1866 and 1867, in the party, between Mr. Kelley and his friends and the moderate protectionists, led by Allison and Garfield. Almost without exception the speakers on this middle ground opened by disclaiming that it was a question of protection or of free trade. It was a question of revenue, of moderate temporary protection, and of keeping promises made in the war. And nearly all of them having thus defined their positions attacked the bill, because it did not summarily cut down the tariffs on salt, iron, leather, coal, lumber, and other articles, where it could be conclusively shown that they were working chiefly for the benefit of the few.

Mr. Allison, who was particularly hard on the excessive duty on iron, wanted a reduction of at least 20 per cent on all leading articles. He knew he differed from the majority of the Ways and Means Committee on this, he said, but —

"It is not a question of political partnership. It is a question of affecting every interest in this country and every class, and because of the great interests involved should receive careful consideration at our hands irrespective of partisanship. . . . I warn those who insist so pertinaciously upon a retention of these high duties upon necessary articles of consumption that they only hasten the time when a more radical change will be made in our tariff laws. What manufacturers need most of all is stability in legislation, avoiding sudden and sweeping changes. The changes which I have proposed would reduce the revenue only a few million dollars, while to the consumers of manufactures produced they would reduce the cost of those products many million dollars. In my judgment such a policy would revive many industries now languishing, and not interfere with the great industries already established, and which under any change we are likely to make will still be largely protected. Our policy should be so to cheapen

manufactured products that we can revive our export trade, now swept away, because we cannot compete with other nations in the markets of the world. If we could restore what we have lost, and in addition greatly enlarge our exportations of manufactures, we should then have an enlarged home market for our agricultural products, which would then be exported in a concentrated form in exchange for other commodities which we do not now and cannot produce."

The debate on the bill occupied the House much of the time from the middle of March until the 6th of June, when it was passed. The Senate took it up at once, and the debate there followed very much the same lines as in the House:—protestation that it was not an academic question — pleas from Mr. Morrill and his friends to remember the war time pledges — warnings against the "smell of monopoly"—plans for removing the causes of the decline of ship-building. In short, the Republicans themselves rehearsed fully and forcibly the injustice in certain tariffs then in force, and asked the party to correct them. All of the correction they got was $2.00 a ton off pig-iron. Salt, leather, lumber, wool, copper, and other articles were not touched. The relief demanded for the consumer came in the breakfast table. Thus the bill, which the President signed on July 14, reduced the duties on tea about 40 per cent; on coffee, 40 per cent; on sugar of the lower grades, $33\frac{1}{3}$ per cent; on clarified sugars, $21\frac{3}{7}$ and $12\frac{1}{2}$ per cent; on spices from $33\frac{1}{3}$ to 75 per cent. On brandy the reduction was $3.00 to $2.00 per gallon, or $33\frac{1}{3}$ per cent; on spirits from grain, 20 per cent. The free list was largely increased, certain important materials for manufacturing, ivory, India rubber, and rags for paper making, being included in a far greater number of unimportant items.

Mr. Kelley and his sympathizers had saved the doctrine of high protection, and they accompanied their victory by

a manœuvre which they evidently hoped would preserve them in the future from the necessity of considering such troublesome arrays of facts about the effects of particular tariffs as those forced upon them in the last four years by Mr. Wells's reports. They persuaded the President to refuse to continue the office of special commissioner of revenue, which Mr. Wells had filled since his appointment by President Lincoln in March, 1865. The majority of Congress deeply deplored this move, and joined in signing a letter to him expressing their appreciation of his services. The wise men of the party realized only too well how they would be crippled without Mr. Wells. It was a loss which time has only intensified. It is not too much to say, that if he had continued to study and expound officially the revenue system for the next twenty years with the same dispassionate thoroughness and clearness that characterized the five years' work he did do, the problem of the equitable distribution of wealth in this country would be much nearer an intelligent solution than it is to-day.

The passage of the Schenck Bill and the removal of Mr. Wells only intensified the sentiment of the tariff reformers. A most interesting movement had sprung up in that year (1870) in Missouri. It was a new organization, called the Liberal party, headed by Colonel William M. Grosvenor, the editor of the St. Louis *Democrat*, Carl Schurz, United States Senator from Missouri, and Gustavus Finkelnburg, a Representative from that State. The Liberal Republicans asked for several things which they felt they were not getting under Grant: general amnesty, revenue reforms, resumption of specie payment, and civil service reform. They had put up a ticket in Missouri, and elected it. Sympathy with their aims was widely diffused, and all over the country Republican conventions began to put tariff planks into their platforms

similar to theirs, or to the one General Brinkerhoff had slipped into the Ohio platform in 1869, while party organs, like the Portland (Me.) *Advertiser*, the Chicago *Tribune*, the St. Louis *Democrat*, redoubled their efforts. In the fall the Free Trade League again sent out General Brinkerhoff and Professor Perry on a lecture tour. General Brinkerhoff made a stir with a lecture, which he called "The Tyrants of Syracuse." It was a scientific dissection of the Salt Trust, which surpassed in completeness and convincingness anything which had been achieved in any one of the many analyses which had been given in Congress. The cumulative effect of the agitation began to stir the rulers of Congress, particularly Mr. Blaine, who was a candidate for re-election as Speaker. Unless he could make a compromise with the tariff reformers he saw there was danger of their uniting with the Democrats and thereby defeating him. He went to Chicago and sought Horace White "for the sole purpose of talking over the situation." A little later he asked the four whom he evidently considered the most influential in the movement to meet him secretly in New York. The four were William B. Allison, Horace White, Charles Nordhoff, and General Brinkerhoff. There was a long discussion, ending in a proposition from Mr. Blaine that if the reformers would permit him to be re-elected Speaker he would permit them to name the chairman of the Ways and Means Committee, and give them a majority on it of their way of thinking. The proposition was accepted, and Mr. Blaine was asked to appoint Mr. Garfield.

There was no reason to suppose that Mr. Blaine would not keep his promise, nevertheless the suspicion that he was "slippery" in politics was not uncommon, and the Free Trade League concluded to send General Brinkerhoff to Washington to see that the arrangement was carried out.

The new Congress—the Forty-second—opened on March

4, 1871. General Brinkerhoff had made a careful study of the tariff record of the members of the new House and felt sure of a majority, but it was resolved to test the tariff sentiment by a surprise resolution. Bills were prepared putting coal and salt on the free list, and Eugene Hale of Maine was asked to introduce them, under the Monday morning rule. Mr. Hale consented, and Mr. Blaine promised to recognize him. The bills were introduced suddenly as arranged, brought immediately to vote, and, after some skirmishing, passed, to the despair of Mr. Kelley, who, as Mr. Cox said, wailed now like Jeremiah, though in the last session he had talked like Isaiah. "I was in the majority then," said Mr. Kelley, ruefully.

Sure of the House, there now remained only to make sure of Mr. Blaine. As the days went on and the appointments promised were not made, General Brinkerhoff felt more and more uneasy, but said nothing. Finally one day as he was on the floor of the House, Mr. Blaine sent a page to him asking him for an interview:

"He then called someone to the chair," says General Brinkerhoff in his Recollections, "and as he went out of the south door I went out of the north door, and went around and met him. He took me down to the basement and into a room he called his den. He then locked the door and went to a cupboard and brought out some refreshments, and we sat down at a little table.

"After awhile he told me he wanted to talk with me about the Ways and Means Committee, and to ask my opinion in regard to a cast of a committee that was in his mind. He took a pencil and a slip of paper from a drawer and wrote down nine names and then turned it around for me to read. I saw that he kept his finger on the paper, and that he did not intend to let me take it away, and so I took a little time to study its makeup, and get it clearly in my memory. I saw at a glance that he was not carrying

out his agreement, because Dawes was at the head as chairman, and not Garfield. I saw also as I looked over the list that a majority of the committee were not revenue reform men, although it was a combination calculated to deceive any one not fully posted on individual records.

"That a breach of faith was meditated was evident enough, but just what to do about it was not so evident, and so I asked questions to gain time as well as information. I asked him why Dawes instead of Garfield was at the head. 'That is what I want to talk about especially, for I find it will make trouble to give Garfield the chairmanship, and it seems to me that Dawes is sufficiently in harmony with you people to be satisfactory, and the very fact that he is not an extreme man will be an advantage to you in the House.' He said Garfield had not had sufficient service on the committee to entitle him to promotion over old members like Kelley and Dawes. 'Why,' he said, 'Kelley would take a fit if I put Garfield ahead of him.' 'Possibly, that may be so,' I said, 'but you knew that just as well when we were in New York as you do now, and I am very sure our people would not be willing to substitute Dawes for Garfield in any event, for at heart he is not with us any more than Kelley.'

"The fact was there were only four men on his list who were not protectionists, and after discussing the matter awhile, he said, 'This is not a finality by any means, it is simply tentative and I will make the committee so that it will be satisfactory.' He repeated the word 'tentative' two or three times, but I made up my mind at once that a Ways and Means Committee satisfactory to the revenue reform people would never be made by Mr. Blaine, and so we parted after an hour's talk with the understanding that he would see me again soon."

That evening General Brinkerhoff met Garfield by appointment. "You are not to be chairman of the Ways and Means Committee," he told him. "The protectionists will be in a majority on it."

"You are wrong," Garfield said; "Mr. Blaine has already written me assuring me of my appointment."

"Let me see the letter," said the General. Garfield's face fell. He had not the letter. Mr. Blaine had asked that it be returned because life was uncertain. "You will not be appointed," General Brinkerhoff reiterated. Garfield walked the floor for a few minutes, and then stopping, said: "General Brinkerhoff, if Mr. Blaine does not appoint me chairman of the Ways and Means Committee, he is the basest of men." He was not appointed, but a few days later Mr. Dawes was.

No move could have been made which would have crystallized so effectually the tariff sentiment of the reformers and sent them so surely toward the Democrats as this. All over the country signs of dissatisfaction multiplied. They were only strengthened by other causes of complaint with the party — the failure to secure civil service reform and the awful need of it; the treatment of the South, which had led to a strong movement, headed by Greeley, in favor of general amnesty; the delay in resuming specie payment. These specific causes were intensified by the feeling about Grant. He had utterly disappointed the hopes of those who had looked to him to put an end to the open corruption and raiding which prevailed in Washington at the time of his election, and he had become almost the tool of some of the very worst elements in the party. Dissatisfaction had become abuse, and every evil in the country was laid at his door, an exaggeration Mr. Cox ridiculed in the next campaign by declaring, "I lay the horse distemper to Grant. Run me as an anti-epizoötic candidate at large."

Between the real issues and the dissatisfaction with Grant there seemed reason enough for revolt, particularly to the Liberal Republicans of Missouri, who had succeeded in their bolt; and accordingly in January, 1872, they called a meeting

of leading reformers in St. Louis. Here it was decided to put forth a declaration of principle and call a national convention in Cincinnati, Ohio, in May, 1872, of all those who felt that the issues were sufficiently important to justify independent action. Among contributing causes to this movement was the revolt in the Republican party, growing out of the impeachment of Andrew Johnson in 1868, and the attempt to read out of the party the seven Republican Senators who had voted Not Guilty. The continuing proscription of the "seven traitors" offended all persons who upheld the right of private judgment and they naturally rebelled against such party tyranny.

The hope of the leaders in the Liberal movement was to organize an entirely new party and to put forth a platform and candidates which would secure the support of the Democrats. The time between the St. Louis and the Cincinnati meetings was used in an energetic canvass of the country. The result was that a convention of some seven hundred people met in Cincinnati in May, but it was not seven hundred people united on issues. While the Missouri Liberals and their friends led in its organization, and expected to secure a platform and candidates to their liking, the convention by a series of fine manœuvres was captured, for the last man in the United States whom the tariff reform element would have chosen — and that was Horace Greeley! Almost before they knew what had happened to them, the men active in securing the convention found themselves with the most devoted high protectionist in the country on their hands, and a meaningless tariff plank in their platform! A more ironical ending to a great movement could not be imagined. To be sure, on one great issue to which the convention was committed, Horace Greeley had been a leader, and that was amnesty for the South. He had turned the New York *Tribune's* full strength against the policy of revenge and humiliation, which the

Republican party so blindly inaugurated, and he had suffered their severest punishment in consequence. But in no other particular was he in harmony with them, and a more unfit man to cope with the ruling corruption could not be imagined. As the *Nation* well said, he was a man not more remarkable for generosity and kind-heartedness than for the facility with which he could be duped, and not more remarkable for his hatred of knavery than for the difficulty he had in telling whether a man was a knave or not.

The tariff reformers left Cincinnati in despair and uncertainty — what should they do? A meeting was called at the Fifth Avenue Hotel in New York and the situation discussed. It was a "bad job," all agreed, but on one point they could meet, that of amnesty. It was worth making a fight for. The Democrats would probably endorse Greeley if they stood by the Cincinnati convention. The meeting wavered and halted until finally late at night Carl Schurz in a speech, which those who heard it declare to have been one of the most eloquent he ever made, turned them to Greeley. The majority decided to waive tariff reform for the time being and join the movement to beat Grant.

The strength and the respectability of the faction which had seceded from the Republican party on tariff reform and kindred issues, alarmed the leaders who had been backing the iron and wool and copper and salt people in their demands. They appreciated that they must do something toward reform or the party would suffer still more seriously. All through the early months of 1872 a struggle went on to get a bill which should cut down the surplus without antagonizing any politically strong special interest. It could not be done. Senator Sherman finally said frankly to the lobbyists who were besieging the committee that it was to their interest to have a reduction made. "In my deliberate judgment," he said, "it

is better for the protected industries of the country that this slight reduction of duties (it was the question of a general 10 per cent reduction) should be made rather than to invite a contest which will endanger the whole system."

After much struggle Mr. Dawes reported a bill in April, which he hoped Congress could unite on. Mr. Finkelnburg of Missouri spoke for the bill. It was not what he wanted, he said, but it should be supported, because it was a step in the right direction:

"Its chief merit," said Mr. Finkelnburg, "lies in this, that after six years of peace it is the first bill reported to the House by a regular standing committee which proposes to make a substantial and general, though moderate reduction, in the war duties imposed upon the leading necessaries of life, the staple articles of consumption used by the people of the United States. It is the first step in the scaling downward, the inauguration of a policy of reduction, and as such I bespeak for it the support of all friends of revenue reform.

"It is true the reductions proposed in the bill are very moderate; so much so that the bill may, with apparent justice, be criticised for not going far enough. It is not what I would like to see, and far from my ideas of true revenue reform; but I gave it my support firstly, because I want to accomplish something practical, and I felt that if we asked the House to do more it would result in nothing being done; and secondly, because I recognize a fact which should govern all legislation of this kind, namely, that changes in a tariff schedule, which more or less affect business relations and values throughout a country, ought to be made slowly and gradually, step by step, leaving to the next year what remains undone in this, until we arrive at that normal point where the duties may once more assume a permanent character as they did before the war."

It was indeed a reasonable bill to the reasonable man, but those interests which considered only themselves fought

fiercely to save what the urgencies of war had given them. Many a member, it is plain from the debate, would have willingly supported a more radical lowering of duties, but he had important constituents goading him to look after them, and he dared not speak his mind freely. In many cases about the only argument these gentlemen offered was that they would willingly enough give up the duty on their coal or salt or lumber if Pennsylvania would on her iron, Michigan on her copper, Connecticut on her clocks. There was a pretty general frank admission that the high tariffs were a bad business, but "if you get it for your constituents you must give it to me for mine." It was a phase which gave great joy to Mr. Cox, and he mocked at it in a speech long remembered:

"Let us be to each other instruments of reciprocal rapine," said Mr. Cox. "Michigan steals on copper; Maine on lumber; Pennsylvania on iron; North Carolina on peanuts; Massachusetts on cotton goods; Connecticut on hair pins; New Jersey on spool thread; Louisiana on sugar, and so on. Why not let the gentleman from Maryland steal coal from them? True, but a comparative few get the benefit, and it comes out of the body of the people; true, it tends to high prices, but does not stealing encourage industry? Let us as moralists, if not as politicians, rewrite the eighth commandment: Thou shalt steal; because stealing is right when common.

"As I am a Representative of New York, and Onondaga, with the aid of the foreign solar artisan, evaporates salt, ought I not also to steal to help Onondaga? Stealing by tariffs, Mr. Chairman, is, as De Quincey proved of murder, a fine art. If everybody stole from everybody, is there any reproach to anybody? If everybody is a burglar, is there any need for anybody to lock up houses?

"How happy we shall be when we can all look each other in the face here, as now I look into the face of the gentleman from Massachusetts, clasp hands, and say: God bless you, my brother; you have stolen from me, and I from you; let us love one another.

Then the little unprotected pigs, who are crowded by the big pigs quietly eating out of the trough, will squeal no more to be let in, for on this idea all shall be fed by swallowing each other's food; and when all are fed, no one loses and we shall be happy."

There was another significant feature to the debate, and that was the way it got on the nerves of Congress. Before the session was over there was an almost open admission that they did not know nor care much whether certain tariffs which were causing trouble, were just or not. For instance, Senator Logan of Illinois was greatly disturbed because the tariff on printed books was only 25 per cent, and that on the paper which made them was $31\frac{1}{2}$ per cent. He argued long and earnestly over the matter, but finally was snapped off summarily by Senator Sherman. "It is like trying to row a flatboat up the Mississippi River to argue against the Committee on Finance in the Senate," wailed poor Mr. Logan. We mean no disrespect to the gentleman, Mr. Morrill hastened to assure him, but is it any wonder we are weary of the subject and want to drop it after hearing delegations and representatives of all the parties in the business, and after having argued it out twice in committee? "No," said Mr. Bayard of Delaware, "it is not; it only shows the folly of attempting to adjust duties in this way." And as a matter of fact, the debate in the spring of 1872 showed, as most tariff debates have, what probably every candid member of Congress has always admitted after a few years of experience, that it is impossible for a Congress subject to the continual political and commercial pressure of private interest to make a just tariff bill.

The Dawes Bill was signed formally on June 6th by President Grant. As it stood its most important features were a 10 per cent reduction on articles manufactured from cotton, wool, iron, paper, glass, and leather, and an increase of the free list by such articles as hides, jute, and paper stock, and

a reduction on coal, salt, lumber, and several other articles. All materials to be used in the construction of vessels built in the United States for the foreign trade were admitted free. At the same time a bill was passed removing entirely the duty on tea and coffee.

It had been a hard battle to get the bill through, but it was certainly a step toward more equable taxation. If the country had remained prosperous it is probable that in the next Congress the revenue reformers would have continued the work of equalization and distribution, but the country did not remain prosperous. The year 1873 saw a panic of wide extent, a panic caused by gigantic speculations in railways, in land securities, in booming schemes of every kind. Men spent everything they owned in roseate ventures and then borrowed all their hopeful neighbors would lend, and this madness followed only seven years after a war, which had cost the country perhaps 4000 millions of dollars! It was not a quick, sharp panic with easy recovery. Its shocks recurred again and again, and the desolation it spread dragged itself over several years. No time indeed for reform. But not so bad a time for those who had objected to the lowering of the duties in the bill of 1872. The falling off of revenue due to decreased importation was reason enough to them to make an effort to replace its provisions. They hurried on to this more rapidly than they would have done perhaps if in 1874 the general dissatisfaction with the Grant Administration intensified by the hard times had not caused the election of a majority of Democrats to the House. The protectionists, having only a short term of power left them, hastened to take advantage of it. We must have more revenue, they urged. The surplus of 1873 and 1874 is but $2,000,000. We shall have nothing for the sinking funds — we must put more taxes on tobacco and spirits, more duties on molasses and sugar, and

we must restore the 10 per cent reduction on manufactured goods. It was urged by the tariff reformers that if revenue was wanted the repeal of the 10 per cent reduction would help but little — that the restoration of the duty on tea and coffee was the simplest and fairest — but the protectionists were determined to get back their 10 per cent, and they did it, though only after a hard fight and a close vote. And thus it happened that when the Republicans resigned to the Democrats in 1875, the majority in the House of Representatives, which they had held for fifteen years, they left behind them tariff schedules devised for war needs and enacted by them under a definite pledge of reduction when the war should be over and internal taxes removed.

CHAPTER IV

THE BUSINESS MAN TAKES CHARGE

The bill of 1875 took away from the tariff reformers of the Republican party practically all they had won in an eight years' fight. The duties were again on a war basis, and while the need of revenue had been the plea for putting them back, everybody knew that the real victory was to the high-protectionists. What could the Republican revenue-reformers do? The question came home with force now, for they were on the eve of a presidential campaign. It became still more difficult to answer with the appearance of the platform of the Democratic party, which for the first time in twenty years came out boldly on the tariff question. That it did so was due largely to the sagacity and fire of a young Southerner who was to play a large part in the coming struggles on the question — Henry Watterson, editor of the Louisville (Ky.) *Courier-Journal*.

Mr. Watterson was what may properly be called a "born journalist." His father before him had been an active newspaper man and almost constantly since he was sixteen, when he had edited a juvenile sheet whose political editorials had been copied all over Tennessee, he had been connected in one way or another with a newspaper. At eighteen he had written for *Harper's Weekly* and *The Times* in New York. At twenty he was serving under Roger A. Pryor in Washington. After the war broke out he had not been able to resist the army, but even there he broke ranks once to establish at

Chattanooga a semi-military daily which he called *The Rebel*, and which for a year he made the delight of the Confederate army. At the close of the war Mr. Watterson started a paper in Nashville, but in 1868 he was asked to take a position on the Louisville *Journal* — a paper made famous by George D. Prentice. He did so, and from the start his influence was magnetic. The paper grew in popularity and power until its editor, with good reason, was called the Dictator not only of his state but of his party. Politics was his element, and he fought for whatever cause he championed with a vigor, a wit, an eloquence that were the terror of his opponents. His opinions on the tariff were uncompromising. He had no patience with anything but "tariff for revenue only," and he went to the Convention of 1876 resolved to have his way on that point, and he had it by writing in the plank himself. It was a very characteristic bit of Wattersonian literature:

Reform is necessary in the sum and modes of Federal taxation to the end that capital may be set free from distrust and labor lightly burdened. We denounce the present tariff levied upon nearly 4000 articles as a masterpiece of injustice, inequality, and false pretence. It yields a dwindling and not a yearly rising revenue.

It has impoverished many industries to subsidize a few.

It prohibits imports that might purchase the products of American labor.

It has degraded American commerce from the first to an inferior rank on the high seas.

It has cut down the sales of American manufacture at home and abroad, and depleted the returns of American agriculture — an industry followed by half our people.

It costs the people five times more than it produces to the treasury, obstructs the processes of production, and wastes the fruit of labor.

It promotes fraud, fosters smuggling, enriches dishonest officials, and bankrupts honest merchants. We demand that all custom-house taxation shall be only for revenue.

It is evident from what we have seen of the record of the Republican tariff-reformers that no great number of them would follow the Democrats in any such radical program as Mr. Watterson's. Wells and Brinkerhoff, in fact, were about the only prominent tariff leaders of 1872 who turned to the Democrats in 1876. Carl Schurz, Murat Halstead, and Horace White all stayed with the party. But there was an even more important question than what the Republicans would do. It was what the Democrats themselves would do. Were they ready as a party to stand by "tariff for revenue only"? The question of Mr. Hayes's election was no sooner settled than it became evident that they were not. The Democrats in the House divided completely on the question, the wing following the party platform being led by Colonel W. R. Morrison of Illinois and Roger Q. Mills of Texas — the protectionist wing being led by Samuel J. Randall of Pennsylvania.

Mr. Randall was an avowed protectionist-Democrat, and a man who, his colleagues had learned, usually was able to get his way. Randall had first entered Congress in 1862. He was a quiet, persistent, hard-working person who attracted little attention for several years; then the Republicans, sure of their majority and wishing to expedite business, undertook to adopt rules which would prevent obstruction. The quiet Mr. Randall set himself against the attempt. He led the small Democratic minority with a skill so unusual that more than once he blocked the Republicans' way until it was too late to pass the measure. His endurance seemed unlimited. From one session lasting 46 hours and 25 minutes where Randall had forced the roll to be called seventy-five times, he

came out as fresh as he went in. At another time in the fight over the "Force Bill" he was on the floor for seventy-two consecutive hours. After his party secured the House in 1874, Randall was put at the head of the Committee on Appropriations, where he cut down appropriations some $30,000,000. He came to the Speaker's chair in time to preside through one of the most critical episodes in the history of Congress — the dispute over the Tilden-Hayes election. His conduct at this time was eminently cool, wise, and fair, and greatly strengthened his position in the country. It was not alone his parliamentary skill which won him followers. His presence counted for much. Randall was one of the handsomest men of his day — with a face chiselled like an old Roman's and lit by a pair of large dark eyes of amazing fire and softness. Speak of Sam Randall to-day to one of his old colleagues and it will not be long before he will tell you with softened voice of "those wonderful eyes," "that classic face." Randall's force and charm were such that they overcame a lack of studious habits, of reflection, and of broad views.

But as has been said, Randall was a protectionist, and he put now at the head of the Ways and Means Committee a man of moderate protectionist leanings, an old-time shipping merchant of New York City, Fernando Wood. Wood was a picturesque character, who had made a name for himself politically as the mayor of New York from 1854 to 1858, when the town needed reform quite as badly as it ever has since. He succeeded in getting himself reëlected mayor again in 1861, when he stirred up the ire of the North by proposing seriously that New York City secede and set up as a free town! Wood at once went to work on a tariff bill, but he took few of his party into his confidence, and he ignored those who, like Wells, were considered experts. Indeed, he went his way so arrogantly that the opposing wing of his

party broke out in expostulation in December, 1877, Roger Q. Mills introducing the following resolution:

"That the Committee of Ways and Means be instructed so to revise the tariff as to make it purely a tariff for revenue, and not for protecting one class of citizens by plundering another."

The resolution stirred up Mr. Wood considerably. It was "nonsense," he said. The Committee of Ways and Means would discharge its duty faithfully, irrespective of the resolution. It would in due time report the results of its deliberations to the House, and in the meantime it required no instructions of any kind in the matter. A more menacing sign of unrest over the Wood Bill than Mr. Mills's resolution, came about the same time — a flood of petitions against any revision of the tariff not made by its friends. By actual count 177 petitions were introduced. They came from twenty-nine different States: from New York 22, from Pennsylvania 28, from Massachusetts 17, from Maine 15. That they originated with a protective steering committee somewhere in the background — that is, that they were not spontaneous outbreaks — was evident from the fact that the phrasing of the whole 177 was practically identical. Whether they came from Alabama or Maine, Pennsylvania or Kansas, whether they pleaded for iron, or lumber, or cotton, or copper, or paper, or silk, they nearly all plead in identical terms that Congress would take no action concerning a revision of tariff duties "until after it shall have ascertained by an official inquiry the condition of the industries of the country and the nature of such tariff legislation *as in the opinion of practical business men* would best promote the restoration of general prosperity."

Whether it was known to Congressmen generally or not where this flood of petitions originated, it must have been to

many. As a matter of fact the "steering committee" behind it was the most powerful protective organization the country had seen at that time — the Industrial League of Pennsylvania. Formed about 1867, the League was intended to be national in extent and to represent all protected industries. Its first president was Peter Cooper, and its executive committee was made up of the foremost manufacturers of the day. From the beginning the Pennsylvania branch dominated in the League largely because of the energy of its president, the Hon. Daniel J. Morrell, and of its secretary, Cyrus Elder, and of the ability and far-sightedness of its Executive Council, including Mr. Joseph Wharton and Mr. Henry C. Lea of Philadelphia.

At once on its organization the League had become a power in Washington. The rapid removal of the internal war taxes had been due to its pressure. The Schenck Bill of 1870 had been practically written by the chairman of its Executive Council, Mr. Joseph Wharton. The League's latest achievement had been the restoration of the 10 per cent reduction of duties made in 1872. It thus came to its new attack — a tariff made by "practical business men" — with all the prestige of an important victory.

The methods used by the League in carrying on campaigns were simple enough. It had secured, after much careful selection, a body of correspondents in manufacturing centres, chiefly laboring men. These correspondents circulated the League's literature and secured names to its petitions. The petitions once filled out were returned to the headquarters of the League, and from there forwarded to the proper Congressman, who, so far as any printed sign went, might have supposed the document spontaneous in his district. The petitions were then followed up by personal letters from individual workingmen, sent direct to the Congressmen, and by personal

visits from manufacturers. It was one of the most extensive and thorough organizations for bringing apparently spontaneous pressure to bear on Congressmen which the country has ever seen. It goes without saying that the political power of the organization was enormous — particularly in Pennsylvania, where it practically dictated who should be elected. Already Mr. Blaine himself had recognized the influence of the Pennsylvania branch by consulting the head of the Executive Council of Pennsylvania, Mr. Joseph Wharton, about whom he should make chairman of the Ways and Means Committee in 1871. It was this powerful association which now came out for no revision until after the "opinions of practical business men" had been secured.

It was not until March (1878) that Mr. Wood brought in his bill. He tabulated interestingly his objections to the tariff in operation. They were: Too many articles mentioned (2172); compound duties; ambiguity; the articles for the rich less highly taxed than those of the poor; encouragement of fraud; prohibitory duties, causing loss of revenue and enhanced prices to consumers; cumbersome machinery of operation; expensive collections. He confessed that the bill he presented did not deal with these demerits as they deserved, that he would cut the duties 50 per cent, if he could, instead of 15 per cent, as he had, but he had done the best he could.

The features of the Wood Bill were novel and interesting. It had but one list — the dutiable; any article not mentioned there was supposed to be free. It reduced the number of dutiable articles from 1524 to 575. It put duties on many raw materials. It imposed but *one* kind of duty on an article — ad valorem or specific as seemed to him best. It levied a retaliatory duty of 10 per cent on goods coming from countries which discriminated against the United States. It allowed a

drawback on all exported goods containing foreign materials. It allowed the purchase of foreign-built ships by Americans and the free importation of ship-building materials. The general object of the bill Mr. Wood said was to revive commerce without materially affecting manufacturing interests whose right to protection for a still longer time Mr. Wood recognized. He considered his bill merely a beginning of a new policy in tariffs, looking toward the final complete withdrawal of the system of taxing consumers for the good of private individuals.

From the first the Wood Bill was cursed by the indifference of a large number of his own party, — men like S. S. Cox and Morrison, who did not speak at all on it, — by the open opposition of the moderate Republican tariff men like Garfield and Kasson, and by the bitter condemnation of the Industrial League, which called it "blundering," "ignorant," "an attempt to overthrow the industrial system of the country." Naturally, under these circumstances the debate upon it languished. Indeed, the only personal incident in the debate which is interesting from this range is that at this time William McKinley of Ohio made his first speech in support of protection of American industry. It was a strictly orthodox speech calculated to give comfort to Mr. Kelley, and it was used as an opportunity for presenting a petition which the Democrats had been trying to keep out signed by over 100,000 laboring men of seventeen different States, praying for a 10 per cent *increase* of duties.

The character of the bill as well as the lukewarm attitude of the House toward it made a fine opening for Mr. Kelley, and he thoroughly enjoyed himself riddling it. He was an impressive speaker with a sonorous voice which had been carefully trained, for Kelley once had thought of going on the stage, and in preparation had studied with both Booth and Barrett. He now went at the measure with joy, and in the course of

his speech gibed Wood unmercifully for yielding to a rhetorical temptation which seems to beset every writer who speaks on taxation; that is, imitating Sydney Smith's famous paragraph on the overtaxed English farmer.

In introducing his bill Wood had said:

"The farmer in the West, where lumber is scarce, pays a tax of 20 per cent on the lumber his house is built of; a tax of 35 per cent on the paint it is painted with; of 60 per cent on his window glass; of 35 per cent on the nails; of 53 per cent on the screws; of 30 per cent on the door-locks; of from 35 to 40 per cent on the hinges; of 35 per cent on the wallpaper; of from 60 to 70 per cent on his carpet; of 40 per cent on his crockery; of 38 per cent on his iron hollowware; of 35 per cent on his cutlery; 40 per cent on his glassware; of from 35 per cent to 40 per cent on the linen he uses in his household; of 51 per cent on the common castile soap he uses; 48 per cent on the starch—"

And so on, ending up:

"Suffice it to say that the furnishings of his child's cradle and the coffin in which he is finally buried pay a direct tax or one enhanced in price by our tariff system."

Kelley sat smiling through the passage, and when he came to discuss the bill said:

"I was amused by the chairman's expression of sympathy with the overtaxed farmer. . . . It was so amusing to note the gravity and pathos with which he started his poor farmer out to buy taxed hardware, shoes, etc., for himself and clothes and medicine for his wife. When I first read that gem of his speech in my youth, or earliest manhood, just after Sydney Smith had produced it, it made an impression on my mind that still lingers. But I have become so used to hearing it that when he commenced its delivery with such fine effect I found myself in the condition of Diggory in 'She stoops to Conquer': 'Diggory, you talk too much,' the squire

said; 'you must neither talk nor laugh while attending on this party.' 'Ecod, Squire, then you must not tell that story of old Grouse in the gun-room, because I have been so used to laughing at that story for the last twenty years that I am afraid I can't hold myself.'

"Sir, for the last twenty years I have been so in the habit of laughing, at least in my sleeve, when hearing gentlemen reproduce that admirable novelty that I could not help doing so when the chairman of my committee startled me by reciting it. I have it before me as uttered by the gentleman, then from Ohio, but who was carpet-bagged to New York, and who is sometimes known by the *sobriquet* of 'Sunset,' as he delivered it in 1864. . . . It was quoted the other evening by the gentleman from Mississippi. . . . Subsequently I heard it from my friend, the late James Brooks. Then from our friend, S. S. Marshall, of Illinois, and there has never been a tariff bill under discussion that I have not heard it three or four times; and I repeat I could not help laughing when the chairman of the committee got it off with such solemnity."

The Wood Bill never got out of the House, but it was not because interest in the tariff was abating. There was a deep unrest in the country on the subject, and it was stirred by a band of tariff-reformers of great ability. It is doubtful, indeed, if we have ever had as able a group of teachers as those who kept up their hammering in the '80's, undismayed by the disaster of '72. To Perry and Wells and Horace White, whom we have already met, should be added two in particular, William G. Sumner and Joseph S. Moore.

Mr. Sumner, who since 1872 had held the chair of history and economics in Yale University, was a young man educated at Geneva, Göttingen, and Oxford. He had begun his career as a clergyman of the Protestant Episcopal Church, but had left it for academic work. A few years ago at a dinner in New York, Mr. Sumner explained how he became interested in the tariff question: "Thirty-five or forty years ago," he

said, "I became a free trader for two great reasons as far as I can now remember. One was because as a student of political economy my whole mind revolted against the notion of magic that is involved in the notion of a protective tariff. . . . The other reason was because it seemed to me that the protective tariff system nourished erroneous ideas of success in business and produced immoral results in the minds and hopes of the people."

Mr. Sumner did not add at this time another interesting fact — that he was first aroused to active public efforts against protection by Grant's suspension of the office of Special Commissioner of Revenue in order to get rid of the reports of David A. Wells. It was a very good illustration of the effect of trying to silence honest speech on a question of public interest. The high protectionists, in ridding themselves of Wells in Congress, turned him into the public forum, where he was immediately reënforced by Mr. Sumner. Two voices were raised where there had been one.

In journalism the most effective writer at this time was the "Parsee Merchant," Joseph S. Moore. Moore was a clever German-Hebrew, who had come to New York from Bombay and had secured a place in the New York Custom House. He had first attracted attention in 1869 by a series of letters to the New York *World*, signed "Adhersey Curiosibhoy." These letters, addressed to "Sahib Greeley," told of the adventures of a Parsee merchant who came to New York from India to buy goods. His theory in coming, he said, was that as the United States was the land where certain things his firm traded in were raised they ought to be cheaper there; and as the United States bought jute, seeds, gums, etc., from India, he could establish a direct trade instead of the indirect through London. He wanted copper, but copper he found cost five cents more a pound in New York than in London. He

wanted cotton prints, but they were 25 per cent dearer here than in England. He wanted enamelled hides, but they cost 25 per cent more than in England. He went to New Haven to buy carriages, but the price was $1100 in currency against 90 guineas in London. He wanted iron; it cost 80 cents more than in England, 60 per cent more than in Bombay. He wanted wood screws, but the "wood screw sahib" laughed and told him he had a better market at home than any the Parsee could bring him and in it he could sell all he could make at from 70 to 100 per cent more than the foreigner paid. Discouraged, the Parsee wrote a series of over forty letters to "Sahib Greeley," begging him to reflect and weigh the facts in his "great political economical mind" and explain to him why a policy which produced such prices for the people of America and made trade with foreigners impossible, was not stupid.

So effective was the Parsee that he greatly incensed the Industrial League. The Executive Council declared him to be subsidized by British gold and attributed to him much for which he was in no way responsible; for instance, the Wood Bill, of which Moore really disapproved, they characterized as a "crazy structure contrived by a foreigner who has been so long tolerated in the New York Custom House that he has grown to imagine himself an authority." The opposition to the Parsee was so strong that Secretary Sherman finally removed him.

The only effective bit of tariff legislation in this period, 1876 to 1882, was due largely to the Parsee Merchant — the removal of the duty on quinine. The wholesale price of this medicine, enormous quantities of which were consumed, particularly in the Middle West, had risen in 1877 and 1878 as high as $4.75 an ounce, the highest point recorded in the history of the business. The Parsee merchant took up the

matter in the press. The duty on quinine — 40 per cent — was, he declared, "a sickening, disgraceful blood tax." It was made by only four houses in the United States, all of them manufacturing chemists who were growing enormously rich — which was true. They brought in their bark free, and they were able to make their own price for the product. The press took up the cry. Frightened by the popular indignation, one firm of quinine manufacturers offered Moore $100,000 to withdraw his opposition. Several young Congressmen saw the chance, and in rapid succession ten different bills repealing the duty on quinine were brought into the House. The one brought to vote was introduced by James McKenzie, a young Kentuckian. It went through without debate, a victory which earned for Mr. McKenzie a name by which he is called to-day in Kentucky — "Quinine Jim!"

The Senate was less in a hurry about the quinine bill, for there it met the opposition of Mr. Morrill, who on principle had always fought against legislating a duty off or on a single article without considering those related to it. He pointed out now that the makers of quinine used several articles on which they had to pay duty — fusel-oil, distilled spirits, soda ash, East India bark (if they used that variety, which few of them did). To compel the manufacturers to pay these duties and give them no compensating duty on their product was unfair. But the tide was against him. "Raise a cry of 'mad dog,'" Mr. Morrill commented, "and the dog is sure to die." And he did — the bill passed.

As a matter of fact the effect of the removal of the duty was magical. In five years from the date the bill became a law — July, 1879 — quinine had fallen from $3.40 per ounce to $1.23, and in ten years, July, 1889, to 35 cents, in 1905 to 21 cents. The quinine manufacturers were thunderstruck. They declared that they were ruined, and very likely they

believed so. At all events, they discharged their hands and closed their works. As the country was not moved to tears by the spectacle, they gradually reopened their factories and resumed business, and eventually became more prosperous on a free-trade basis than they had been before. They remain a bright and shining example of the ability of Americans to compete with foreigners in a fair field and without favor in any industry not forbidden by our soil and climate. The quinine bill was the one tariff result the Democrats had to show for the four years they had held the House!

The presidential campaign of 1880 did not change the attitude of the two parties at all on the question. The Democrats repeated their "tariff for revenue only" plank, the Republicans their declaration that "duties levied for the purpose of revenue should discriminate so as to favor American labor." It is doubtful if either party expected at the time of their conventions that the tariff would cut much of a figure in the campaign. Garfield, from whom if from any Republican of good party standing, sound counsel on the question should be expected, kept suspiciously silent. He knew as well as anybody, since Greeley had long ago told him, that the only objection the dominant faction of the party had against him was that he was not "sufficiently protective."

By instinct and training indeed Garfield was a free trader. He was a Williams College man, and there had come under the influence of Professor Perry's vigorous and clear reasoning. He came out of college committed to Perry's ideas. From the beginning of his public life finance interested him, and he lost no chance to familiarize himself with the subject. In 1862, being called to Washington from the field to sit in a courtmartial for some weeks, he spent all his leisure with Secretary Chase studying the Treasury Department. In 1863 he was sent to Congress, where he was put on the military

committee, but two years later, at his own request, he was transferred to the Committee of Ways and Means. Here he attacked all problems with resolution and industry. He pored over Tooke's "History of Prices," mastered thoroughly the history of tariffs in England and the United States, and acquainted himself with all the intricacies of the schedules. From the first he set himself against the efforts of Stevens and Kelley to place protection before revenue as an object of the tariff. Commerce and the consumers were quite as important as manufacturers, he insisted. He took a middle ground in argument, which he summed up in 1866 as follows:

"Duties should be so high that our manufacturers can fairly compete with the foreign product, but not so high as to enable them to drive out the foreign article, enjoy a monopoly of the trade, and regulate the price as they please. To this extent I am a protectionist. If our government pursues this line of policy steadily, we shall, year by year, approach more nearly to the basis of free trade, because we shall be more nearly able to compete with other nations on equal terms. I am for a protection which leads to ultimate free trade. I am for that free trade which can be achieved only through protection."

One excellent feature of Garfield's tariff work was his willingness to consider all the facts. When the attack began in Congress on David Wells, one of the first manœuvres was an attempt to prevent the printing of his reports. Mr. Garfield protested forcibly:

"I confess my great surprise," he said, "at the opposition of the gentleman from Pennsylvania to the printing of this report of the Special Commissioner of the Revenue. . . . He admits, in the first place, that the facts stated are generally correct — that the statistics collected and arranged in tables are true and correctly stated, but declares that the marshalling of the facts is dangerous —

that they are put together in such a way, and such inferences are drawn from them, that the report is dangerous to Congress, and to the enlightened people of the country. The gentleman asks this House to make a humiliating confession in which I, for one, am not ready to join. If any theories or opinions of mine can be damaged by facts, so much the worse for my theories. An officer who has served the country so ably and faithfully as the Special Commissioner of the Revenue deserves well of the country. I trust the motion to print will prevail."

As we have seen, the tariff reformers of 1870–72 really numbered Garfield as one of them and wanted him as the head of the Ways and Means Committee — a position he would have had had it not been for Mr. Blaine's slipperiness. The events that followed — the panic of 1873, the outspoken plank of the Democrats in 1876 in favor of tariff for revenue only, the effort of his party to keep quiet on the tariff — did not change Garfield's views, though they did make him a shade more cautious in expressing them.

When he came to face a campaign for the presidency in 1880, he must have realized that whatever he thought about the tariff would count for little if a struggle were precipitated. He had nineteen iron foundries in blast in his Ohio district, and the watch their owners kept of him creeps out more than once in his speeches. He must have known that in case it should be needed these gentlemen were ready to make the biggest fight they had ever made for high protection. Indeed, only a few months before the nomination the ablest one among the organized metal workers, Mr. Joseph Wharton, had openly served notice of their intention on the coming administration. Mr. Wharton was speaking in Pittsburg on "The American Ironmaster," and said: "*It is meet that we should declare to the country that we will support no party and no candidate who cannot be depended upon by something better*

than election-day promises to protect and defend home labor. It is fitting for us to call 'hands off' to those who are itching to tear our tariff laws to shreds; to call upon the President in advance to refrain from meddling with commercial treaty-making and to veto, as he doubtless would, any measure injurious to home industry which a hostile majority in Congress may pass; to call upon the representatives of all other American industries to stand by us as we will stand by them in resisting all changes in the tariff laws and all tariff-making by treaty until these laws can be carefully and prudently revised by a Congress or a commission known to be devoted to the interests of the nation."

That Garfield knew of this speech is certain, for a copy of it bearing his stamp was turned over to the Congressional Library when he left Congress in the spring of 1880. Altogether it was enough to make a man cautious, and it was certainly a mark of political sagacity on his part that he said nothing in his letter of acceptance about the tariff issue. But it was not to be downed. The Republicans, failing at the opening of the campaign to excite anybody about the South, suddenly attacked the Democratic phrase, "tariff for revenue only." What did it mean? Why, nothing if not the destruction of the "home market," the consequent shutting down of all American manufactories, the idleness of all American laboring men, a reign of "pauper labor," the end of "prosperity." Unfortunately for the Democrats, their candidate, General W. S. Hancock, a splendid soldier and gentleman, apparently was not certain that the phrase "tariff for revenue only" meant anything in particular. He tried to parry lightly with his famous remark that the tariff was only "a local affair." The more he and his supporters talked, the more of a tangle they made of it. It was quite apparent if the tariff was to be a live issue they were too un-

certain and too divided on it to handle it. The Republicans, on the contrary, came out boldly for protection to American industry, and on this they won. They won — but the victory seemed only to make more insistent the demand for revision. "I suppose," said Mr. Morrill, regretfully, "that if the Bible has to be revised from time to time the tariff may have to be."

If there had been no other reason at this time, the piling up of the surplus would in itself have forced a revision. The return of good times which began to be perceptible in 1878–79 had of course stimulated imports. In 1878–79 nearly $215,000,000 in duties had been collected; in 1879–80, $386,000,000. In these two years the national debt was reduced by a hundred million dollars, and there was more money left in the Treasury than they knew what to do with. Of course a stop had to be put to this. But more imperative than the surplus was public opinion. It was suspicious of high protection. The results of the census of 1880 had begun to filter through the country, and accordingly people began to compare the last decade — 1870–80, which had been lived under a tariff of about 42 per cent (on dutiable goods) — with the one from 1850–60, lived under a tariff of about 20 per cent. In each had occurred a disastrous panic. In each there had been, in spite of panics, a great growth in agriculture, in population, in manufacturing. Taken on the whole, which had been the more normal growth?

To start with, it was evident that one claim of the high protectionists was a humbug — that is, given protection you had prosperity. Mr. Kelley, as we have seen, had become a high protectionist in 1859, because low tariff — he called it free trade — had not prevented a panic in 1857. But neither had a high tariff prevented the panic of 1873. "Where," exclaimed the Parsee merchant, "was the Baal of protection

all this time? Why did he not come to the relief of this distress? Alas, he was as lame, as impotent, and as false as the Baal in the Bible. The one was unable to strike a lucifer match in the plains of Judea three thousand years ago, and the other could not light a blast furnace in Pennsylvania."

The census showed, too, that the general growth between 1850 and 1860 was *greater* than between 1870 and 1880. Capital had increased in the first decade about 90 per cent, in the second but 32 per cent; hands employed 37 per cent in the first, 33 per cent in the second; wages 60 per cent in the first, 22 per cent in the second; materials used 86 per cent in the first, 36 per cent in the second; products of manufacture 85 per cent in the first, 27 per cent in the second. The increase of the second decade over the first had been amazing in certain specific cases, as in iron and steel. In 1860 the iron production had been but 821,223 tons; in 1880 it was 3,835,191. In 1860 it was 60 pounds per capita; in 1880, 171 pounds. It was protection that had done this, said the Iron and Steel Association, but why had it not done as much for wool? As we have seen, the wool interests had secured the passage of a special bill in 1867 giving them the highest protection they had ever had, but in spite of it the industry had lagged. Evidently protection was not infallible. There were other elements in the problem of prosperity — what were they? Again, what about the prosperity it claimed to produce — that of iron and steel, for instance — was that prosperity equally divided? Was a high tariff as good a distributor as it was a generator?

All of these questions had to be answered, but how was it to be done? Not by a Congress in which "tariff for revenue only" Democrats and "revenue-reform" Republicans were at large, decided the Industrial League. Their notion of revision was to have it done by their own representatives, and

at once they began an active campaign for a commission, such as was hinted at in the petitions of 1877 and in Mr. Wharton's Pittsburg speech in 1879, quoted above. In November, 1881, a great tariff convention was called in New York by the manufacturers, and this body committed itself to the idea of a Tariff Commission.

Naturally, all this agitation had stirred Congress. Early in 1880 the Senate had passed a bill providing for a commission, but the House, jealous of its rights in the matter of devising revenue bills, did not agree. Now, however, the Secretary of the Treasury asked for a commission, President Arthur in his first message asked for one, the Industrial League kept up the pressure, and finally in the spring of 1882 the House consented. The idea of Senator Eaton of Connecticut, with whom the bill for the commission originated, was that it should be composed of nine members — six experts, one for each of the six great industries of the country; two statisticians such as "David A. Wells of Connecticut and R. M. T. Hunter of Virginia," and as chairman "one of the great governing heads of the country, not an expert in anything except in all that makes men great."

Mr. Wharton's idea, as given at the Tariff Convention, was that "each of the chief groups of industry should be represented by one man. . . . For president, a man of high standing, preferably one known to his fellow-citizens as having acceptably performed important public service, and of really exalted character and intelligence, should be chosen. For secretary, a man well versed in the working of our existing laws, in Treasury rulings and judicial decisions, and in the ways of custom houses and the tricks or evasions of unscrupulous importers, would be most valuable.

"It might be necessary that what is loosely called the Free Trade element should be represented on the commission;

both political parties should certainly be. Seeing that the appointments would be made by a Republican President, and that the Republican party is firmly committed to the principle of Protection to home industry, it would obviously be right that a majority of the commission should be Republicans and that a majority also should be distinctly Protectionists, but extremists of every kind are to be avoided."

President Arthur evidently had both of these views in mind in appointing the commission, which he did as soon as the House gave its consent, but his own notion was somewhat more liberal. He cut the representatives of special industries down to four: wool manufacturers, wool growers, sugar, and iron and steel. John L. Hayes, the efficient manager and lobbyist of the Wool Manufacturers' Association, was made chairman of the body — a choice probably obligatory on Arthur, such was Hayes's influence among high protectionists in the country. The suspicion the wool growers had of the wool manufacturers (the latter wanting free wool) made it necessary to give them a special representative, and Austin M. Garland of Illinois was appointed — a fair-minded man willing to consider that there were other interests than wool in the country. Sugar was looked after by Duncan F. Kenner of Louisiana. He had been a member of the Ways and Means Committee of the Confederate Congress, and since the close of the war had been active in the reconstruction of his state. Kenner's interest in a protective tariff centred around sugar entirely. The one really broad-minded man among the representatives of industries was Henry W. Oliver, Jr., of Pennsylvania, an iron manufacturer. Oliver was a man of large experience and foresight, and a keen judge of men, and from the start he threw his influence on the commission to the consideration of the general interest as well as of iron and steel — which he by no means neglected!

An excellent appointment, made at the suggestion of Mr. McKinley, was Judge Jacob A. Ambler of Ohio. Judge Ambler was an old-fashioned country lawyer, able, learned, and honest — a man jealous of the honor of any office he held or trust he handled, full of contempt for greed, extravagance, and grafting, shrewd in detecting them, and relentless in punishing them. His influence on the commission was most healthy. It was due to President Arthur's knowledge of the Custom House administration (Arthur was Collector of the Port of New York from 1871 to 1878, when he was suspended by Hayes) that William H. McMahon, for twenty years an officer of the New York Custom House, was put on the board. McMahon had no interest in any phase of the question except administration, but that he knew from top to bottom, and his knowledge was invaluable to the commission. In order that there might be a statistician in the number, Arthur appointed a young man from the Census Bureau, Robert P. Porter. Porter was an Englishman and a free trader, who had found his way to America at sixteen, and had become a journalist in Chicago. In 1877 he had published an article in the *Princeton Review* which attracted the attention of President Hayes, and from which the latter quoted fully in one of the speeches made on his Western journey in 1878. When Hayes reached Chicago on this trip, Porter was presented to him, and the President at once claimed him for the Census Bureau. Here he made many friends, among them Judge Kelley, who lost no time in converting him to protection and gladly backed him for the commission.

The remaining members were John W. H. Underwood of Georgia and Alexander R. Boteler of West Virginia, two gentlemen who were appointed chiefly that their respective sections might be represented.

The announcement of the commission awakened no great

enthusiasm anywhere. It was not sufficiently strong in business representation to make the Industrial League feel secure, and the appointment of Mr. Hayes as chairman naturally aroused the suspicion of moderate tariff men. Nor did that portion of its work obvious to the public increase confidence. Its first business, of course, was to get information about the actual industrial condition of the country. It set out to do this chiefly by means of public hearings in various cities. Starting out in July at Long Branch for three months it junketed about from Long Branch to New York, from New York to Boston, from Boston to Rochester, from Rochester to Buffalo, then in turn to Cleveland, Detroit, Indianapolis, Cincinnati, Louisville, Chicago, Milwaukee, St. Paul, Des Moines, St. Louis, Nashville, Chattanooga, Atlanta, Wilmington, North Carolina, Richmond, Baltimore, New York again, then Pittsburg, Wheeling, Philadelphia, and finally back to Long Branch.

In this time 604 witnesses were listened to, and many of them questioned at length. They were of all shades of opinion, from the uncompromising free trader, like Professor W. G. Sumner, to the equally uncompromising higher protectionist, like the Iron and Steel Association. They were of all shades of selfishness, from the petty selfishness of a man who refused to consider what effect the duty he wanted would have on a related industry on the ground that he "had no interest in that business," to the enlightened selfishness of the big iron man who advised lower tariff on iron and steel in order to placate public opinion and so save the system. A great number of witnesses wanted *more* protection. The chemists pleaded for a restoration of the duty on quinine. Mr. Joseph Wharton pointed proudly to his great nickel and steel works as proofs of what protection could do for infant industries, and urged that it be applied next to tin plate.

Mr. John Roach of Chester, Pennsylvania, farmer, iron manufacturer, ship-builder and ship-owner, employer of 3000 workingmen with a weekly pay roll of $33,000, gave his experience as a proof that upon protection depended the prosperity and the future of the country. In Mr. Roach's judgment all business irregularities came from a failure to carry out the doctrine to its logical results, which logical results were prohibitive tariffs for all raw and manufactured products possible to our country, and subsidies for all industries which could not be reached by duties, such as ship-building.

While praises of the results of protection and pleas for more of it were in the majority, there was considerable complaint of its damages and demands for freer trade. It is true, said the German silver makers in answer to Mr. Wharton, that *you* are making money, but how about us? We have to pay so much for nickel that we cannot sell in foreign markets, and it was pointed out that the Meriden Britannia Company had been obliged to establish a factory in Canada in order to keep a foreign market for its goods — a factory it still operates. What of that? said Mr. Wharton. "There is no market in the world that is comparable to this country as a market of manufactured goods." All very well, retorted the people who used nickel, if you have a nickel monopoly and the market wants more than you can supply!

There were others that complained in the same way that the higher cost of materials cut them off from a foreign market. Colonel Albert A. Pope, the great bicycle manufacturer of the day, said that he was shut out of South America by English makers. He could offset the extra wage cost here by his more efficient machinery and methods, but his materials were so much dearer that he could not compete. A manufacturer of neckwear and trimmings complained that he

could not sell his goods in foreign markets because his imported materials cost too much. The carriage-builders claimed that previous to the Morrill tariff they had a market in Cuba and South America, but they had been run out entirely by France, who could put goods there at half the American price. The oil cloth manufacturer pleaded for free trade. "If you give us free trade, we can send goods to any part of the world and do an enormous business."

Consumers of copper complained that they paid, in 1875, 23 cents in New York for copper which cost 18 in London; in 1879, 17.5 for what cost 12.2 in London; in 1880, 20 for what cost 13.5 in London. Indeed, importers and manufacturers had at times been able to buy American copper in London so much cheaper than at home that it had paid them to buy it there and send it here. (It came in duty-free if proved to be an American product.)

Nor were the high protectionists even in steel and iron without opposition from men who, like them, profited from the growth of iron and steel industries. Mr. Abram S. Hewitt of New York, for instance, declared that from his point of view the duties were altogether too high, profits unfairly large. In speaking of steel profits he said: "I have never known any such profits in connection with anything with which I have had anything to do;" a statement which confirmed everything which could be learned about the carefully concealed profits of that industry — for instance, not long before this in a law-suit involving the estate of J. Edgar Thompson, the fact had been brought out that he had received as high as 77 per cent per annum as dividends on his steel holdings.

A sinister phase of the testimony was the recurrence of the word monopoly. The theory of Mr. Kelley and his kind had been, of course, that when in consequence of high

protection the manufacturing of an article became profitable, capital rushed in to take advantage, and such competition resulted that prices eventually fell lower than they were abroad. But it was not working that way. In the steel and iron business, for instance, as soon as prices began to go down from interior competition a combination to keep them up resulted. It was even shown in the hearings that in 1878 the Vulcan Works of St. Louis had been paid to shut down.

It was October when the commission terminated its public hearings and settled down to prepare its reports. The scrappiness of the testimony, the evident absorption of the majority of the witnesses in their own interests and not those of the country, the little attention given to commerce and the consumer, the failure to get anything like exact statistics, created the impression that nothing important would result. A bad impression was made on the public, too, by the flock of individuals which everywhere hovered around the commission apparently to say to it privately what they did not care to say on the witness stand. These persons beset the members as they dined, walked, rode across country in their special train. They invited them to dinner and to the theatres — a horde of hungry duty-hunters who did more to demonstrate to the fair-minded members of the commission the peculiar evils inherent in any protective system than reams of the ablest theoretical teaching could have done.

The report was submitted to Congress in December, and its publication was a surprise all around. It was far more intelligent, far-reaching, and disinterested than a cynical public had expected. Poor Mr. Henry Carey Baird, the quinine-makers, the whole band of duty-grabbers, were in dismay. They had been betrayed, they said, and it was young Mr. Porter who had done it. He was an Englishman. It was evident he was an emissary of British free traders, sent

over by them as a boy to be educated for the task of undermining American prosperity.

No tariff reformer indeed could have asked a better platform than that on which the Commissioners claimed they had worked. Early in their deliberations, they said, they had come to the conclusion that a substantial reduction was demanded — that it was necessary for general industrial prosperity. "*No rates of defensive duties*," declared the commission, "*except for the establishment of new industries which more than equalize the conditions of labor and capital with those of foreign competitors, can be justified.* Excessive duties, or those above such standard of equalization, are positively injurious to the interest which they are supposed to benefit." They encourage "rash and unskilled speculation" to go into business, they "discredit our whole national economic system," they cause "uncertainty," destroy the "sense of stability required for extended undertakings." No such "extraordinary stimulus" as the war taxes gave was now necessary. The great improvements in machinery and processes made in twenty years "would permit our manufacturers to compete with their foreign rivals under a substantial reduction of existing duties." Twenty per cent was the general reduction which they had decided manufacturing could support, and they estimated that the changes they proposed would produce a reduction of fully 25 per cent.

When one came to examine in detail the schedules proposed by the commission, it was apparent that, however good their platform, they had by no means lived up to it. The changes were marked by many inconsistencies. The duty on chemicals was cut down with rigor, and quinine was left on the free list, but the duty on crockery and glass was raised without presenting any satisfactory proof that the conditions of labor and capital required an advance. The duty on steel

rails was dropped from $28.00 to $18.00 — which was still prohibitive — and raised on steel blooms. The copper duty was reduced 20 per cent; nickel 16⅔ per cent; pig iron *4 per cent.* The duty on iron rods, cotton ties, and many manufactures of iron were raised 50 and more per cent.

The singular inconsistencies apart, however, there was enough of what was practical, sound, and helpful in the report to make it an admirable basis to work on. The most serious question seemed to be whether those who had created the commission would stand by its findings. Would the Industrial League consent to a 25 per cent reduction? Would the horde of individuals who had beset the commission during its labors keep their hands off? Would Congress accept and act upon it in the same spirit and with the same intelligence as had been bestowed on its preparation? That it intended to act upon it was obvious. The report was immediately referred to the proper committees in both House and Senate, with orders to prepare bills. Haste was necessary. The last election had gone against the Republicans, the House after March 4th would be Democratic. If the tariff was to be revised by its friends, they must act quickly.

CHAPTER V

THE MONGREL BILL OF 1883

In a message sent to Congress in December, 1882, President Arthur said:

"*The present tariff system is in many ways unjust. It makes unequal distributions both of its burdens and benefits. . . . I recommend an enlargement of the free list so as to include within it the numerous articles which yield inconsiderable revenue, a simplification of the complex and inconsistent schedule of duties upon certain manufactures, particularly those of cotton, iron, and steel and a substantial reduction of the duties upon those articles and upon sugar, molasses, silk, wool, and woollen goods.*"

The words had unusual weight, for Arthur was the only President we have had who could speak from a practical experience in administering the customs. For seven years (1871 to 1878) he had been Collector of the Port of New York. It was at a time when the Custom House was undergoing a series of rude shocks, the combined results of the ambiguities of the tariff laws, the greed of importers, the dishonesty of some of its officials, and the "pernicious activity" in politics of others. Arthur had been obliged to fight for the honor of his own administration, and he had finally been suspended by President Hayes. That is, President Arthur knew much from close contact of the ambiguities, the frauds, the injustice of the duties then in force, so that any expression of his had the merit of being "practical." It had additional force, because nobody could doubt Arthur's devotion to protection. He had been from boyhood a "Henry Clay Whig." Every-

body recognized that nothing but a profound conviction that the country demanded lower duties would have driven him to ask for them. The country indeed had not long before this given the Republicans a stern rebuke on its tariff policy by electing a good-sized Democratic majority to the House in the next Congress — the forty-eighth, meeting in December, 1883.

Spurred to action by Arthur's message, the report of the Tariff Commission, and by their own defeat, the Republicans lost no time in getting to work. The report of the Tariff Commission was sent at once to the Committee of Ways and Means in the House and to the Finance Committee in the Senate, and both bodies began to frame bills. Under ordinary circumstances, the Senate would have been obliged to wait for a bill from the House before expressing itself, — the House alone having the right to originate revenue bills, — but the circumstances were not "ordinary." The Senate at this moment had before it a bill for reducing the internal revenue. This bill had come from the House in the preceding session and had only been kept from becoming a law by the filibustering of certain Democratic Senators. It was somebody's bright idea now to tack to this internal revenue bill, as an amendment, a tariff bill of the Senate's own making. It was, of course, an adventure of uncertain issue. The House was notoriously jealous of its constitutional rights. Would it recognize a measure proposed by the Senate? The Senate thought it worth the trial at least, and fell to work.

The two committees which at opposite ends of the Capitol now began to sit daily over the tariff were remarkable bodies. At the head of the Senate committee was Mr. Morrill, who twenty-three years before had introduced into the House of Representatives the bill with which this narrative opened. Since 1867 he had been a member of the Senate, giving the

bulk of his time to revenue questions. He was seventy-two years old now, and in spite of over twenty years' labor on tariff schedules was still dignified and courteous!

John Sherman was next to Morrill on the Committee — a place he held with bad grace. Sherman had lost his rank on the Committee of Finance, of which he had formerly been chairman, by his appointment to Mr. Hayes's cabinet in 1876, it being an invariable rule that a member returning to the Senate after an interegnum should go to the foot of his party colleagues on committee. When Sherman returned in 1881 he thought he should be an exception to the rule. He had up to this time outranked Mr. Morrill in both House and Senate. His services as Secretary of the Treasury had given him special skill in dealing with revenue questions. But Mr. Morrill declined to yield. It looked as if Mr. Sherman would sit at the foot of the table, when Mr. Allison, who was a member of the Committee, appreciating the strain, quietly suggested to his Republican colleagues that Mr. Sherman be moved up next to Morrill. This was done, but from the beginning of the work on the bill the effect of his defeat was most noticeable on Sherman's temper and attitude. He was arrogant in committee and out. He says in his "Recollections" that he was "piqued" by Morrill's failure to yield to him. The word is mild.

It began to be noticed soon after the Committee went to work that Mr. Sherman was getting much help from the member at the foot — a new Senator, the Senator from Rhode Island — Nelson W. Aldrich. People who watched the hearings said he seemed to have at his tongue's end all the facts which bore on the high tariff side. It was said on the inside, too, that he was the man who had written the cotton schedule for the report of the Tariff Commission. He had certainly done well for his constituents. He had secured

an increase on that class of cotton goods which was chiefly imported, and a decrease on those of which little or nothing could be imported.

The leading Democrat on the Committee was James B. Beck of Lexington, Kentucky. Beck was a Scotchman by birth and a Democrat of eighteen years' Congressional experience. Powerful in body and mind, brave, honest, and combative, he led his party in the Senate with great effectiveness. It was on the tariff that Beck was at his best. Let him get after a rate he regarded as iniquitous and he was like an avalanche. "His mighty arms swing like hammers," wrote an English correspondent who heard him once on that theme. "His Scotch tongue, which some call harsh and rasping, thunders out the shortest and simplest Anglo-Saxon words that can be found to compose his terse sentences. Now and then the clinched fist comes down on his desk with telling force. The whole speech is made up of facts and statistics. If a flower of rhetoric should spring up in his path he would crush it with his ponderous foot. If a trope should get into his throat, he would swallow it. Adjectives, metaphors, and similes find no place in his oratory. Like Joseph Hume, he is a man of figures, and like him he speaks like a problem in mathematics."

The House Committee was strong on both sides. The chairman was "Pig Iron" Kelley, who, in spite of twenty-five years' experience with protection, still found it an "exquisite harmony." He had as supporters the experienced Mr. Kasson of Iowa and the devoted young Mr. McKinley of Ohio, but it was on neither of them he was depending chiefly. There had been put on the Committee in the previous session a man from Kansas, Dudley C. Haskell, who was now to take about the same relation to Kelley as Kelley had taken to Thaddeus Stevens in the tariff debate of 1866 and 1867.

The Democrats of the Committee were four of the strongest that Congress has seen since the war — Carlisle of Kentucky, Randall of Pennyslvania, Morrison of Illinois, and Tucker of Virginia.

Here, then, were two able committees giving their entire time to tariff bills. They were under instructions from a Republican country and a Republican President to lower the duties, and they had as a guide a report of a Republican commission of their own creation advising its reduction. They had Republican majorities to back them. Their duty seemed plain. It seemed clear, too, that they should be free from outside pressure. All of those individuals whose interests were affected had had ample opportunities to lay their cases before a commission constituted for the purpose. To keep away from Washington would seem to be their obvious business. But they saw it differently. Indeed, the two committees had scarcely gone to work before a "third house" was in session — a house of lobbyists come to Washington for the express purpose of preventing the recommendations of the Tariff Commission from becoming law. The wool-growers, disgusted that Mr. Garland, representing them on the commission, had consented to nearly 20 per cent reduction, held public meetings in Ohio denouncing him, and sent down what scoffers called the "wool trinity" — Columbus Delano, one-time Secretary of the Interior under Grant, William Lawrence, afterward a Comptroller of the Treasury, and David Harpster — all wool-growers and all from Ohio.

Mr. John L. Hayes, chairman of the Tariff Commission, whose duties naturally would be supposed to be over, took rooms in Washington and as agent of the woollen manufacturers began a campaign to get more for them than as commissioner he had consented to. The makers of chemicals

and drugs — and quinine particularly — instituted a siege. Agents of iron and steel, sugar, mineral water, wood pulp, of everything which had suffered a reduction, appeared in the corridors of the Capitol at Washington. "No such lobby has been seen here for years," the correspondents began to write to their newspapers. These agents, attorneys, manufacturers, did not hesitate to say loudly that no bill should pass unsatisfactory to them. They were far from standing together, however, in their demands. Indeed, they were in incessant conflict, for they all wanted what they purchased — that is, their raw material — free; while what they sold — their product — they wanted protected! In every industry came this clash, though it was more acute between the wool and woollen men than elsewhere.

The first bill to come out of committee was that of the Senate. It was at once seen that the duties proposed were in many cases *lower* than those proposed by the Tariff Commission. For instance: the Tariff Commission had laid $6.72 duty on pig iron, a reduction of only 4 per cent. The Senate Committee, after going over the whole ground, had cut the rate to $6.00. Mr. Sherman had fought the decrease in the committee; he continued to fight it on the floor. He tried for $6.72 and was voted down overwhelmingly. He tried for $6.50 and again was beaten. He argued, threatened, cajoled. He read telegrams from the iron men of his state, brought in letters and testimony, worked day and night, but it took him over a month to succeed, and then it was only, as Beck said, after "he had threatened the Senate with the defeat of the whole bill if they did not give him at least $6.50 on pig iron, and after he had drawn the party whip over the heads of his followers with an audacity I have never seen equalled in any public assembly, by threats and every other means that a great

bold parliamentary leader can assert over the men who look up to him." Beck was none too hard on Sherman. He beat his party into submission, but it should not be forgotten that the lash was on his own shoulder — the lash of Henry B. Payne of Cleveland, of the ironmasters of the Mahoning Valley, of all the highly organized iron interests of his state. He knew only too well what failure to accede to their demand meant for the party in Ohio, for they did not hesitate to tell him privately and publicly.

Sherman fought for an increased rate on wool as he did for one on pig iron. He was as hard pressed in one case as the other. The fight caused more than one hard and open tilt between him and his Republican colleagues, particularly with Allison, who disapproved a higher tariff on wool. Sherman was determined, however, and again and again returned to the attack with threats of defeating the entire bill if he could not have his way.

But Mr. Sherman was not the only Senator who openly held up the party for duties higher than the majority of his colleagues approved of. The Senators of Maine, Michigan, and Wisconsin fought for duty on lumber in the same way. The Tariff Commission had not changed the duties on lumber. It left them as they were without a word of explanation. Better so; for a more indefensible tax than that on lumber could not be conceived. It had already helped work a destruction which a hundred years could not repair, and its continuance seemed little less than crime. The duty on sawed boards was $1.00 and $2.00 per one thousand feet, according to variety. Under this protection, combined with the enormous demand which the growth of the country had created, the cutting of timber had been carried on recklessly and lawlessly, particularly in Wisconsin and Michigan. Ten years before, in 1873, the danger of exhausting the forests beyond

repair had been shown and Congress had passed the Timber Culture Act to encourage planting; but while it gave a bonus for planting on one hand, it continued the bonus for cutting on the other. Pine in particular was being stripped off. A Federal Commission had just issued a report showing that there was only about 81,000,000,000 feet of white pine standing in the three principal states — enough for ten years only. The duty, combined with the knowledge that the supply was limited, kept prices so high that in the "treeless states," like Nebraska and Kansas, new settlers were in great distress. From all over the West, indeed, came the cry for relief. People were living in dugouts, because of this tax, the Western Senators and Representatives told Congress. Their cattle had no shelter, their fodder was covered only with a thatch. What made the tax more vicious was the well-known fact that the forests were largely in the hands of the "lumber barons," men who had in one way or another secured vast tracts of land at from $1.25 to $2.50 an acre and who now were gathering in $8.00 or more an acre by unrestricted cutting of the timber. The Senate of the United States numbered one of the greatest of these barons — Philetus Sawyer, Esq., of Wisconsin.

Naturally it was not the interests of Mr. Sawyer which the timber Senators pleaded! It was the cause of the lumbermen and of the millmen. The tariff must be kept up in order to give them their higher wage. They must not be put into competition with the pauper wages of Canada! As a large percentage of the laborers who received this higher wage were Canadians who came over for the season only, the argument had little effect. It was not argument indeed that saved the lumber duty. It was saved because the Southern Representatives who threatened to defeat it were told they

could not have a duty on sugar unless they consented to one on lumber, and they made the trade.

Such barter went on openly in many other items. One of the most determined efforts to force a duty was made by Senator Mahone of Virginia, who wanted $2.00 a ton on iron ore. The Tariff Commission had allowed 50 cents — the Senate Committee had allowed 50 cents, but Mahone made a fierce fight for more. He tried for $2.00 for $1.00, for 85 cents, for 75 cents, for 60 cents. He brought up the point at every opportunity, but again and again was voted down overwhelmingly. "I'll defeat the bill if this duty is not raised," he is reported as saying, and Sherman backed him in his threat.

His attitude was the attitude of the representatives of various other interests, big and little; that is, it developed almost as soon as the debate began that leading Republican Senators were determined to keep up duties in which certain of their constituents were interested and that to do this they were ready to trade and dicker with fellow Senators. That this determination of Sherman, Mahone, and others was clearly demonstrated was due largely to the quick wit and the daring of Mr. Beck. He filibustered so adroitly from the beginning of the contest over the schedules that again and again he forced Republicans committed to tariff reform to go on record against a proposed reduction or for a proposed increase. In Sherman's struggle for the increased duty on pig iron, Senators like Morrill, Allison, Dawes, Frye, Hoar, Hale, Hawley, all voted against an increase at first, but finally were whipped into line, Allison being the last to yield. Mr. Beck gloated over them, loudly pointing out how different ones had solemnly declared on the floor they would not support the increase, yet had yielded at last. Nothing could stop him. An effort was made to limit the debate to ten

days. "Never!" shouted Beck, "not to ten weeks." Not even the effort of his party to put an end to his obstruction availed. He gloried in his insubordination.

It was the 20th of February before the Senate Bill was passed. Two weeks before this the bill had taken on an importance quite unexpected. This change was due to the growing certainty that the House was not going to be able to finish its bill and that if a tariff bill was passed this session, it would be the measure on which the Senate was working. No sooner did this rumor go out than the whole body of lobbyists, whose work up to this time had been concentrated on the House, rushed pell-mell to the corridors of the Senate to see what they could do to make the measure "satisfactory" before it was reported. Some of the things they helped to do have already been alluded to.

The House Bill was having a hard time. The Committee, instead of following the Tariff Commission report and reducing duties 20 per cent, had reduced them less than 10 per cent. Now there was no doubt but that a majority of the Republicans in the House were in favor of real reform. Most of them declared they dared not go home without a reduction of taxes. But there was a powerful Republican minority who believed with Senator Sherman that it was more essential to satisfy the combined industrial organizations besieging the Capitol than it was to satisfy public opinion. This minority was determined no bill which gave anything like a 20 per cent reduction should pass. It is not unfair to say that it wanted a bill, but *a bill which gave the appearance of reduction, not actual reduction.*

The Democrats, too, were divided. John G. Carlisle, who led the majority, was what may be called a constructive free trader; that is, he believed in scaling down duties as rapidly as industries enjoying them could support it, until

a 'tariff-for-revenue-only' basis was reached. He declared now that if the Republicans had presented a bill which sincerely attempted to embody the reduction of 20 per cent suggested by their commission and demanded by public opinion, he would favor its passage, but Kelley's bill he would not support. Randall, who led the Democratic minority, was a high protectionist, but Randall was really willing to support any bill which promised to get the tariff out of the way. He expected to be a candidate for Speaker at the opening of the next Congress and did not want to divide his party by supporting protection in opposition to the Democratic majority.

From the very beginning of the debate on the bill it became evident that each faction was ready to fight strenuously to carry out its program. The Carlisle Democrats began by bringing to issue almost every item as it was read. They made amendments, debated them, forced them to vote by voice, by rising divisions, and by tellers, and they openly declared that they would keep this up until the Fourth of March rather than allow Mr. Kelley's bill to come to vote. Their tactics indeed were very like those Mr. Beck was using in the Senate and their effect was identical; that is, they constantly forced the Republicans to put themselves on record against lowering duties. Not infrequently they were aided in their work of obstruction by revenue reform Republicans, particularly from the West, where the tariff on lumber and an increased duty on barbed wire were causing indignation.

So strong a program of opposition was developed that in ten days after the discussion opened it became evident that if any bill was passed it would be because the high protection faction yielded to the demands of the majority of the party for a reduction or that they carried their program by superior parliamentary tactics. That they were in strong position

for the latter everybody saw. As a fact they held all the strategic positions: the speakership, the chairmanship, and a majority of the Ways and Means Committee, and of the Committee on Rules. For the moment, however, the work was all in the hands of Chairman Kelley and his lieutenants. Mr. Kelley had been ill from the beginning of the session and he had asked Mr. Haskell to take charge of the bill on the floor. A more sympathetic and vigorous understudy than Haskell, Kelley could not have had. He was a man only forty years old, a powerful individual, over six feet high, with a voice as big as his body, and with the face and eyes of an evangelist. His earnestness for a cause he had espoused was almost tragic in its intensity, and forced him to work and fight for it passionately and untiringly. Two subjects had occupied him so far in the six years he had been in Congress, polygamy and protection. He hated the first as he revered the second. Indeed, for Haskell protection was as complete a solution of all economic difficulties as it was for Kelley, and he had the same fanatical devotion to the doctrine. The only question he asked himself in making a tariff bill was whether an article could or could not be raised in this country. If it could not, he would put it on the free list. If it could, he would protect it beyond the possibility of foreign competition. Of course, this reduced his labor to finding out how much each article needed to be put beyond competition. This was a matter of fact. As soon as he was put on the Committee of Ways and Means, which was at the opening of the 47th Congress, he went to work with unparalleled industry to master the conditions of each article. He became a veritable encyclopædia of information on the "needs" of industries. When the work on the bill of 1883 began, he doubled his efforts. His days he spent in committee and in the House, his nights receiving representatives of all sorts of industries.

The facts and figures they gave him he attached in long festoons to copies of the bills which he was making ready for the debate.

Convinced as Kelley and Haskell were of the perfection of their doctrine, it was not to be wondered at that they looked on the Democratic opposition to the duties they were trying to carry through as outright filibustering or that they were willing to lend themselves to almost any manœuvres which would thwart it. Their first move was to try to stop debate. The attempt threw the Democrats into violent excitement, for so far only two out of sixteen schedules had been considered. It was an effort to gag the House, they declared. "Such a proposition," said Mr. Carlisle, "has never been heard of in the parliamentary history of this country, a proposition to destory the freedom of debate on a bill to raise revenue." "Stop your filibustering then," was the gist of Mr. Haskell's retort. "Never under gag rule," retorted Mr. Carlisle.

The failure of this attempt to get his bill to vote discouraged Kelley, and it began to be rumored that he and his colleagues were going to drop it and go to the country with the charge that the Democrats had killed it by obstruction. The rumor reached the White House and Arthur let it be known that if Congress failed to pass a bill he should call them in extra session.

The dilemma was a serious one for Mr. Kelley. It was evident that the Democrats would never allow his bill to come to vote unless its duties were materially reduced. He could never consent to that. But the President demanded a bill of some kind, would call an extra session to get it if necessary. The only hope seemed in the Senate bill, which was already fairly advanced and which Kelley knew would soon be reported. But this Senate bill did not suit him at all. Its duties he saw were bound to be

considerably lower than those recommended by the Tariff Commission. Supposing that he waived the constitutional objection to a revenue bill originating in the Senate and let it come before the House, was there any method by which he could make it suit his notion before it came to vote? The question was a difficult one, and for the moment there seemed no answer.

As day by day passed and nothing was done, irritation and uncertainty grew on both sides. Only the lobby rejoiced. There would be no reduction after all! But they did not reduce their pressure. Indeed it increased rather. The iron and steel men called down Commissioner Oliver. The mineral water men stirred up their attorney, Roscoe Conkling. Every interest engaged the highest-sounding names it could secure for a final day and night attack.

The effect of all this on the two chambers was deplorable. Particularly in the House did the debate lose all semblance of sincerity and order. Again and again it was broken up by charges and counter-charges — by contradictions, appeals to the Speaker, cries of "Hear, hear!" "Order, order!" "Rule, rule!" The Democrats, gloating over the apparent predicament of the Republicans, taunted them repeatedly with not intending to pass a bill — charges which maddened Mr. Haskell especially. One day when these taunts were unusually sharp, Haskell lost control of himself. Towering like a giant, his face white as a sheet, he shouted, "We will see who wants reduction! We will see who are the obstructionists. I move that the committee rise" — a motion intended to close debate on the bill. The Democrats almost as a body were on their feet at once, rushing down the aisles, dragging in members from committee rooms, haranguing on gag rule. A long and acrimonious debate followed, but as before, the attempt to close debate failed.

Another day, when both sides were heated and bitter, Townshend of Illinois declared that the bill of the Ways and Means Committee did not originate in Congress at all, but was "sired by a lobby of hired agents of monopoly and was brought forth in a secret conclave unknown to the rules of the House." Mr. Haskell's wrath was terrible. "Every word of his declaration is a scandalous falsehood," he thundered. There was confusion on both sides for a moment but the friends of the two calmed them down. The next morning, however, Mr. Morrison waited on Mr. Haskell at his boarding house on Eighth Street with a peremptory demand that Mr. Haskell make public retraction of his offensive utterance or he, Mr. Morrison, would feel obliged to request Mr. Haskell to name some gentleman to confer concerning further remedies for his friend's wounded honor. Mr. Haskell laughed at the idea of a duel, but he assured Mr. Morrison that so long as Mr. Townshend's statement stood on record, his assertion of its falsehood would stand against it. And there the matter remained.

Such was the temper of the House when the Senate bill reached it on February 20—a poor temper indeed for candid legislation. Nevertheless, the bill could probably have been passed promptly if Mr. Kelley had been willing. The Carlisle Democrats criticised it, but they declared it too good to obstruct. As for the majority of Republicans, they were in favor of it. But Mr. Kelley was not willing. His first business then was to block any attempt to get the bill off the Speaker's table and pass it by a regular procedure; a thing not difficult to do, for Speaker Keifer was playing perfectly into his hands and could be depended upon not to recognize anybody whom Kelley and Haskell were unwilling should get a hearing. Indeed, the Democrats had been saying for days that nobody could catch the Speaker's eye unless

Kelley first gave the wink. In this matter of keeping back the bill so small a matter as a misplaced semicolon aided Kelley materially. In looking over the engrossed copy sent to the House from the Senate, Mr. Haskell had discovered one which considerably changed duties on iron. He would not consider a bill so "ragged, ill-considered, and half made," he declared. The poor little semicolon held up the House and gave half the papers in the country a subject for editorials. The Senate clerk hastened over to correct the error. It was only a slip. He could easily remedy it, he urged. "No," said Speaker Keifer sternly. He was not going to allow a Senate clerk to make a tariff bill for them. The bill had to be taken back to the Senate and corrected by proper procedure.

While the semicolon and other small matters were taking up time the Republican leaders were closeted with the Committee on Rules, which they controlled, in an effort to find a way out of their dilemma. If they could get the bill into a conference of their own kind and revise it and then pass it, they would be satisfied. It all amounted, as a matter of fact, to finding a way to defeat a bill which the majority would accept and to make and pass one which the minority wanted.

Now in anticipation of the difficulty in which they expected to be when the Senate bill reached them, Mr. Kasson had some days before this proposed a revision of the House rules which would allow a majority to take the Senate bill from the table to concur in, or to non-concur in, and send to a conference. If Mr. Kelley could have been sure of a majority for non-concurrence he would have risked this procedure, but he found he could not. In caucus and out he canvassed the Republicans and always with the result that he feared a vote would result in concurrence. He was afraid of the Kasson rule.

It was certainly not an easy problem, but it was solved, and the man to solve it was a member of the Committee on Rules, Thomas B. Reed of Maine. Reed had been six years in the House and in this time had shown himself an excellent debater and parliamentarian. On the tariff he was sound enough to suit Mr. Kelley and "practical" enough to suit Mr. Sherman. From his point of view it was idle to discuss the matter. Protection, he said, was the accepted doctrine of the country — a closed question. His business was to get what his constituents wanted. His remarks on the lumber tariff and its relation to forest preservation show his general attitude. "I want to know why this country should preserve my forest for the benefit of some other gentleman? I should like to know why the principal industry of the State of Maine should be destroyed because the gentleman from Illinois thinks that his state needs a more humid atmosphere? Why, sir, the very purpose of forests in the course of nature is to be cut down and have houses built of them. . . . I tell you each generation can take care of itself, each generation is sufficient unto itself."

The rule Mr. Reed now proposed for extracting the high protectionists was an admirable introduction to his later career as a parliamentarian. It ran as follows:

"That during the remainder of this session it shall be in order at any time to move to suspend the rules, which motion shall be decided by a majority vote, to take from the Speaker's table House Bill No. 5538, with the Senate amendment thereto, entitled a bill to Reduce Internal Revenue Taxation, and to declare a disagreement with the Senate amendment to the same, and to ask for a committee of conference thereon, to be composed of five members on the part of the House. If such motion shall fail, the bill shall remain on the Speaker's table unaffected by the decision of the House on said motion."

It was a rule which allowed the House to declare a disagreement but not an agreement. It allowed a majority to nonconcur, but forbade it to concur! A New York *Herald* correspondent characterized Mr. Reed's rule perfectly when he declared that it realized the Irishman's dream of a gun which should fire so as to hit the object if it was a deer and miss it if it was a cow! It was on Saturday, the 24th of February, that Mr. Reed reported his rule, and on Monday it was taken up. Only seven days then remained of the session. The storm which burst over the rule when it was read on Monday was quite worthy of its audacity. It was a "monstrous proposition," said Mr. Carlisle. "It is a fraud on parliamentary law; a fraud on all that is just and fair in our politics; it is revolutionary," said Mr. Cox. Mr. Reed listened placidly to it all and finally closed the discussion by declaring coolly that he himself considered the procedure he was introducing as "forcible," that he should never be in favor of such a rule save in a "great emergency," but that such an emergency he considered to be at hand. The country demanded a revision. The Democrats had defeated the House bill by a systematic course of obstruction. The Senate bill was not satisfactory to business men; it was unconstitutional to adopt it, but something must be done to relieve distress. There was nothing to do but revise the Senate bill "in the quiet of a conference committee." The rule was adopted after nearly a day's debate by a vote of 129 to 22.

But the Democrats were not through yet. They raised the constitutional question — was the House of Representatives to waive its right to originate revenue measures? Never. The discussion precipitated lacked sincerity, for leading Democrats had already testified to their willingness to let the Senate bill go through as it stood. Mr. Haskell finally stopped debates by a resolution which was carried.

It turned the constitutional question over to the Tariff Conference for decision. The manœuvre was adroit. It simply meant that if the Tariff Conference did not result satisfactorily to the high protectionist members, they had the plea of unconstitutionality to fall back on, or as somebody put it, "If pig-iron goes up, the amendment of the Senate will be constitutional; if pig-iron goes down, it will be unconstitutional."

It was late on Tuesday, the 28th day of February, before finally things were adjusted, and the conferees appointed by both House and Senate. The appointments precipitated another tangle. As was to have been expected, Speaker Keifer appointed a high protectionist committee — packed it, moderate Republicans, who were not represented at all, said. Mr. Randall, who was one of the two Democratic appointments, felt so badly about the make-up that he refused to serve. This tangle was straightened out, and finally on the evening of the 28th the conferees had their first meeting. Among those from the Senate were Beck and Bayard. They were disturbed by the idea that the conference might not be "full and free," — that is, that the constitutional question might be raised, — and when they found they could get no assurance to the contrary they withdrew. Ten different Senators were appointed before two could be found to accept! These were Mahone and McDill, both Republicans!

When the Committee was finally under way it made quick work of revision — as indeed it could do, having a powerful high protection majority. There were sharp contests — more than once rumors ran up and down the Capitol, where for the last few days all Washington had congregated, watching developments, that the conference would fail because Sherman was not getting his desired increase on wool or because Morrill was failing in his efforts to keep down the rate on pig-iron. The tension the uncertainty caused was broken at noon on

March 2, when Mr. Morrill entered the Senate and said: "I desire to ask unanimous consent for the printing of the report of the Conference Committee." It was granted and at nine o'clock that evening the printed report was before the Senate. Of course everybody turned at once to the items over which the great struggles had come. Had Sherman secured his rate on pig-iron and wool, Mahone on iron ore, Kelley on steel and quinine and nickel, the Louisiana planters on sugar?

The most cursory examination showed that the high protectionists had got much that they asked. Iron ore had been raised to 75 cents a ton after having been given 50 by tariff commission, by House, and by Senate. Pig-iron was restored to $6.72; steel rails, after having been given $15.68 in the Senate and $15.00 in House, were raised to $17.00. Mr. Beck attacked the bill violently, making a most imposing array of duties raised, but of course saying nothing of those lowered! At the same time he attacked Sherman for his part in raising duties. Sherman was not jubilant, however, over what he had done. Indeed, he was almost in despair. For if he had succeeded in the metal schedule, he had failed in the wool. The wool bill of 1867 had put compound duties on wool — 10 cents a pound and 11 per cent ad valorem on all wools costing 32 or less cents a pound; 12 cents a pound and 10 per cent ad valorem on all costing over 32 cents. The ad valorems were dropped in the bill of '83. The rate on carpet wool was also lowered. The duties on manufactured goods were lowered less on the whole than those on raw wool. In the bill of '67 the manufacturer had been allowed a specific duty of 50 cents to compensate him for the duty on wool and dyestuffs; this was dropped to 35 cents in the bill of '83; but on several grades of woollens the ad valorem duty was raised. It was raised indeed in every case where importations were

large. On cheap goods the duties were so high there could be no competition; indeed they could have been lowered considerably and the situation remained unchanged. But woolgrowers and wool manufacturers were both incensed at the bill. Senator Sherman took his failure much to heart and he refused to sign the conference report. It was a question if he would vote for the bill. But when the matter came to a test, as it did about midnight of Saturday, March 3, he voted yea.

"I have always regretted," Mr. Sherman wrote twelve years later, "that I did not defeat the bill, which I could have readily done by voting with the Democrats against the adoption of the conference report, which passed the Senate by the vote of yeas 32, nays 30. However, the propriety and necessity of a reduction of internal taxes proposed by the bill were so urgent that I did not feel justified in denying relief from burdensome and unnecessary taxes on account of provisions in the bill that I did not approve. With great reluctance I voted for it."

It was not until about noon of Saturday that Mr. Kelley, pale from fatigue and suffering, presented the report. The House was in a state of the greatest confusion at the time, the galleries crowded with visitors, many of whom were women, the corridors alive with excited lobbyists, the floor in disorder from the running to and fro of Democrats, still bent on obstruction, and of moderate Republicans anxious but hardly daring to defeat the report. Such was the din that Mr. Kelley could not be heard when he tried to read a statement showing the changes the conference had made. The Democrats would have none of his statements — they wanted the whole report, schedules and all, and so the worn-out clerk was called to read the entire document.

Two hours were then allowed for debate. Mr. Carlisle criti-

cised the bill in sober and dignified language, his chief point being that the bill did not, could not produce the decrease Mr. Kelley claimed for it — that it was for that reason a deception. Others of his side were violent over the increases; many sarcastic over the acceptance of a Senate measure. "They have swapped the Constitution for a high tariff," declared Mr. Tucker. But the criticism of Mr. Carlisle and his friends was not so severe as that of those high protectionists who had failed to get the increase they asked, particularly of the supporters of higher duties on wool. "I have voted with the protectionists of Pennsylvania and with the protectionists of New England," complained Mr. Robison of Ohio, "with the assurance — the most positive assurance — that this great interest I represent should be taken care of, . . . and you have stricken us down."

There is no doubt but that on the morning of the 3d there was very real doubt about the report being adopted. The moderate protectionists on the Republican side were against it, and all conservative Republicans were disgusted with the jugglery which had brought it through. A strong high protectionist element, too, including Speaker Keifer, was against it — but before four in the afternoon, when the debate was to close, the tide turned. It was the pressure of the country which did it. From one ocean to the other business men commanded and implored over the wires that the bill pass — good or bad. So many telegrams, it was said, had never before been received in Washington. And so the bill passed. And a few minutes before Congress adjourned it was signed by President Arthur.

At the time of its passage nobody knew what was in the bill of 1883, such had been the juggling. But this was certain, everybody but the persons who had saved their duties was disgusted with it. Mr. Sherman went home to

meet a political storm such as he had never met before — a storm which forced him to explain and defend himself. It was raised by the dissatisfied wool-growers. The Democrats went out with the story of the barter and trickery which had attended the measure. The Republicans everywhere were obliged to defend themselves for doing or not doing. Dissatisfaction was increased with the testing of the bill. It did not produce the reduction promised either in internal revenue or in customs. The bill went into operation July 1, 1883. In the first year of its operation it reduced duties only about $20,000,000 (from $210,637,293 to $190,282,836). The average reduction on iron and steel proved to be only 4.54 per cent; on clothing wool 10.73 per cent; on woollen goods 1.01 per cent. On many articles there was an increase: 13.11 per cent on earthenware; 1.48 per cent on glassware; 2.54 per cent on cotton goods.

But there were more serious features still. Mr. Sherman says in his "Recollections" that the "Tariff law of 1883 laid the foundation of all the Tariff complications since that time." The lack of "harmony" in duties, the failure to protect all interests equally — wool and woollens, iron ore and pig-iron, and their products — was what disturbed Mr. Sherman. If we are to have protection, his view was, all must be protected. "The dogma of free raw material is more dangerous to the protective policy than the opposition of free-traders."

There was something more serious than the failure to admit the claims of all to protection. It was the semi-official recognition of the organized business man in the making of tariff schedules. True, they had been more or less active in every bill since the war, but never before had their right to stand day and night at the doors of Senate and House, to sit in committee, to be closeted in every leisure hour with their representatives in Congress, been conceded. It was

recognition they were not likely to forget. Moreover it was demonstrated clearly in 1883 that the size of the duty is according to the size of the organization. The quinine-makers, even with Mr. Kelley's help, were unable to get their product off the free list where it had been put in 1879, but they were a feeble folk — only four of them in the country! The pottery people, on the contrary, received an advance of some 13 per cent on their wares, for they were strong in Ohio and New Jersey. Mr. Joseph Wharton, standing alone, had to submit to a reduction of 50 per cent on his nickel; standing with iron men he suffered a reduction of only 4 per cent on his pig-iron. It was a great lesson in the value of organization and numbers.

CHAPTER VI

GROVER CLEVELAND AND THE TARIFF

THE most conspicuous political figures in the United States in the fall of 1883 were two Democrats — John G. Carlisle of Kentucky and Samuel J. Randall of Pennsylvania, rival candidates for the Speakership of the House of Representatives. Their contest was something more than a struggle for leadership. A grave question was at stake. Should or should not the Democrats open the tariff question? The Republicans had passed a bill violating their own promises. It was the second time in twenty-two years that they had broken faith on the question. Mr. Carlisle claimed that the Democrats should now make it their duty to effect the reforms so long promised and every day more needed. Mr. Randall claimed that the tariff should be left to the Republicans.

Two men could scarcely have offered a greater contrast in training, in methods, and in ideals than the two thus thrown into prominence. Sam Randall was the older and by far the more experienced in national affairs. For several years he had been the leader of his party. He had accomplished this mainly by the coolness and the skill with which he led a weak minority so that it frequently was able to frustrate the plans of a big majority. To play the parliamentarian game successfully against such odds as Randall faced had aroused enthusiasm and devotion and given him supreme power. The first serious shock to Randall's leadership came in the early '80's. Then the issue of tariff-for-revenue-only became acute with his party and he could not follow, for Randall was a pro-

tectionist of the Kelley brand. In youth he had been a Whig, but in 1856 he and his family went over to Buchanan, largely on the ground of personal liking, it seems. In Congress he had always supported the high tariff arguments and bills, without ever bringing much light to the question, for he was not at all well equipped for tariff discussion. Indeed, as late as the bill of 1883 he went about the House studying a little handbook on the tariff — for the first time posting himself on the vocabulary and the schedules. As it became more evident that the Democratic issue was to be tariff revision, Randall's place became more difficult, for it was a Republican district which was sending him to Congress and it was no secret that they sent him on condition that he support protection. To an outsider it seems now as if the natural thing would have been for Randall to have gone over to the Republicans at this juncture, but he believed, honestly enough no doubt, that he could force the Democrats back from the position they had taken, that he could in fact *protectionize* the *Democratic Party.*

But Randall was dealing with a bigger force and a bigger man in 1883 than he realized. John G. Carlisle, his opponent, was probably the nearest approach to a statesman then in the United States Congress. Born on a Kentucky farm, he had spent the days of his early youth at farm work, the nights over books. He had become a school teacher and in his leisure had read law. Admitted to the bar, he had continued to study until he was called the ablest lawyer in the state. Admitted to the state legislature, he had become a leader of his party by force of knowledge and intellectual vigor. Carlisle had first entered the House in 1877, fourteen years after Randall, and he immediately made a deep impression on the country by his thorough mastery of subjects, his clearness of statement, his gravity and candor in argument,

and his freedom from the trickery and deceits of partisan politics. In the spring of 1882 he made a speech against a Tariff Commission which, as an argument for thorough tariff reform, was one of the ablest of the period. It really framed a strong logical position for the Democrats. His speech in 1883 when the Kelley Bill was under consideration gave his position in the tariff:

"In the broad and sweeping sense which the term usually implies I am not a free-trader," he said. "I will add that in my judgment it will be years yet before anything in the nature of free trade would be wise or practicable in the United States. When we speak of this subject we refer to approximate free trade which has no idea of cutting the growth of home industries, but simply of scaling down the inequalities of the tariff schedules where they are utterly out of proportion to the demands of that growth. After we have calmly stood up and allowed monopolists to grow fat we should not be asked to make them bloated. Our enormous surplus revenues are illogical and oppressive. It is entirely undemocratic to continue these burdens on the people for years and years after the requirements of protection have been met and the representatives of these industries have become incrusted with wealth."

That is, Carlisle saw clearly that certain evils inherent in high protection, evils against which Garfield and all the Republican tariff reformers had so often warned, were becoming realities. The word monopoly was already in everybody's mouth, for at this time the impossibility of preventing the over-production and consequent depressions which are the logical results of an artificial stimulus like a high tariff, except by some artificial check like a combination to limit output and hold up prices, had been completely demonstrated.

Mr. Randall, however, saw no danger in the building up of

monopolies and combinations to limit production which counterbalanced the advantage there was in shutting out foreign competition and keeping the home market inviolate. The danger he claimed to see was unsettling capital. "There is nothing in life so sensitive to adverse criticism and which takes alarm so quickly," he said, "as capital invested in large industrial enterprises. . . . Shall we unsettle business interests by constant tinkering with the tariff? Shall no law last longer than the meeting of the next Congress?"

The contest between the two men had begun in the summer and had been followed with keen interest in political circles. Early in November the candidates opened headquarters in Washington and soon the town was full of "Randall men" and "Carlisle men," each ready to prove his candidate a sure winner! All of the big newspapers had correspondents on hand, foretelling confidently the success of the candidate favored by their readers. But there was little to indicate the result. It all depended, it was seen, upon how deep and how general a belief there was in the Democratic party that high tariffs were dangerous.

The only really significant feature of the fall contest in Washington was the activity of the protected interests in Randall's behalf. The iron men and steel men, the wool men, the New Jersey potters, the Standard Oil Company, the Pennsylvania Railroad, were all said to be on hand. There were many hints of the use of money. Mr. Barnum of Connecticut, former United States Senator and now chairman of the National Democratic Committee, was said to be in town "buying mules" for Randall, as the slang of the day went. How much truth there was in the charges of bribery the writer does not know; but this is certain, an alliance of business interests in support of Mr. Randall was plainly evident in the fall of 1883. The protectionists were

most active, but they had with them the railroads and the Standard Oil crowd, who at that moment were fighting hard to prevent threatened regulation of interstate commerce; that is, all of the interests which were thriving on special privileges were combined into a league for the continuation of those privileges.

Up to this time these allied interests had supported the Republican party. It was in power and it had granted the privileges they enjoyed, but they were quite willing to support a man of any political faith who agreed with them. Naturally their great desire was that both parties should agree to protection as the American system, that the question should practically be taken out of politics. This would result if Mr. Randall's effort to protectionize the Democrats succeeded. Naturally, then, they were eager to do their utmost to support him in his contest with Mr. Carlisle. But to their surprise and unquestionably to the surprise of Mr. Randall, Mr. Carlisle was elected speaker by a large majority. The tariff question was to be opened again. The man whom Mr. Carlisle selected to open it was William R. Morrison of Illinois, who had worked shoulder to shoulder with him the winter before in obstructing the Kelley Bill.

Mr. Morrison was an experienced man at tariff reform; indeed, the first Democratic tariff bill presented after the war originated with him. That was in 1875 and 1876, when the Democrats first obtained possession of the House. The speaker, Michael C. Kerr, had asked Colonel Morrison to take the chairmanship of the Ways and Means Committee. Mr. Morrison had brought in a good and reasonable measure, one nearer in accord with sound tariff principles than those which he presented later, but even then the Randall faction of Protectionist-Democrats were too strong for him, and his bill had been speedily dropped. A little later

Mr. Randall had succeeded Kerr as speaker and he had dropped Morrison from the Committee. He was not restored until 1879. But Mr. Morrison was too aggressively honest and outspoken ever to keep silence on a question which interested him. He had fought for reform in Congress, in caucus, in national conventions, everywhere he could get a hearing, and now that he had a chance to make a bill he went at it with great zest, and in March he had it ready — "a bill to reduce import duties and war-tariff taxes" — he called it. The bill was clever, for it really asked nothing more than what the Republicans themselves were already committed to. Thus he proposed a general 20 per cent reduction. The Republican Tariff Commission had advised from 20 to 25 per cent in 1882 — Congress in 1883 had granted only a little over 4 per cent. So, declared Mr. Morrison, I am only asking what your own experts have advised. This 20 per cent reduction was to be applied horizontally to all duties on manufactured articles. Here again Mr. Morrison was following Republican precedent: their reduction in 1872 being a 10 per cent horizontal, and their increase in 1875 a restoration of the same. In order to forestall the objection that this reduction might bring certain duties back to the detested rates of 1857, Mr. Morrison put in the proviso that no duty should be lower than that provided by the Morrill tariff of 1861. That is, he was willing to give the Republicans the protection they themselves had devised before the war and which they had increased with a distinct understanding that as soon as the war was over the old rates should be restored. Even in putting salt and coal on the free list, Mr. Morrison followed a not very old Republican precedent, Mr. Hale backed by Mr. Blaine having introduced bills to that effect into the House in 1871.

From the day of the introduction of Mr. Morrison's bill into the House, it was certain that Mr. Randall would oppose it. Randall indeed was working day and night to rally a strong Democratic opposition. His success was apparent when, after three weeks of general debate, Mr. Converse, an Ohio Democrat, suddenly moved that the enacting clause of the bill be struck out and the motion was carried by a vote of 159 to 155. That is, in a House having a majority of 80 Democrats a bill which was a moderate expression of a policy to which the party had always been committed could not be passed. Forty-one Democrats voted against the bill; twelve of them from Pennsylvania, ten from Ohio, six from New York, four from California, three from New Jersey, and four from the South. It was a powerful vote, for when boiled down it represented iron and steel, wool and sugar, and the hold they had on the Democrats.

The defeat of the Morrison Bill only aggravated the feeling between the two factions and made it certain that there would be a great fight over the tariff plank of the platform in Chicago in July, when the National Convention met to nominate a presidential candidate, and there was — one of the most stubborn and prolonged in the history of conventions. Henry Watterson was first on the ground with the plank "tariff-for-revenue-only," which he had placed in the platforms of 1876 and of 1880, and which he was determined should go in again. Ben Butler, a candidate for the presidency, followed him with a compromise plank, and after him came Abram S. Hewitt and Manton Marble, also with compromise expressions. Mr. Randall's friends talked free whiskey and free tobacco for the plank. When the Committee on Resolutions finally was formed it included all these gentlemen. The session began with a deadlock over the chairman — 18 being for Morrison, 18 for Converse of Ohio, Randall's man. From

that time until the end nothing but rumors of dead-locks came behind the closed door. The subcommittee to which the framing of the tariff plank was finally confided sat for *fifty-one* consecutive hours, and the session ended in what the disgusted Mr. Watterson called a "straddle," — a plank calling for revision in "a spirit of fairness to all interests" — one which would "injure no domestic industry and would not deprive American labor of the ability to compete successfully with foreign labor." It was an expression carefully arranged to back all shades of opinion between Mr. Carlisle and Mr. Randall — a platform which gave standing room to both factions, and it really compared very well with the Republican pledge to "correct the irregularities of the tariff and to reduce the surplus — so as to relieve the taxpayers without injuring the laborers or the great productive interests of the country." If anybody was ahead in the platform contest it was Mr. Carlisle, and this from the fact that Mr. Morrison was selected to present the report to the Convention.

At the time of the National Convention it looked as if the tariff would be the chief issue of the campaign, but as it turned out the Republican candidate, Mr. Blaine, was the issue, and he had not the vitality for the strain. His opponent, Grover Cleveland — a man unheard of in public affairs until three years before, but whose short record as mayor of the city of Buffalo and governor of the State of New York had been of such courage and patriotism that it had made him available for the nomination to the presidency, was elected in November by an electoral vote of 219 to 182. The tariff issue was in Mr. Cleveland's hands.

It has been frequently said that when Grover Cleveland became the President of the United States he knew nothing of the tariff. At least one tariff expert of that day has recorded a very different opinion. In an interesting unpublished

manuscript of reminiscences by the late Professor Perry of Williams College there is an account of a talk the professor had with Mr. Cleveland in the fall of 1883 in Albany. Professor Perry had gone to Albany at the request of Thomas G. Shearman, of Brooklyn, to speak in behalf of free trade at a public meeting the Democratic leaders had organized, and the afternoon before the lecture he had been taken to the Capitol to meet the governor. "He and I stood in the corridor for half an hour talking on the subject which had brought me to Albany," Professor Perry writes. "The governor, as was proper, did most of the talking, and his interlocutor was surprised and gratified at the clearness and strength of his views on the whole tariff question and began to think he had this time brought coals to New Castle, since the first official in the state apparently knew as much about tariffs as he did, and could express himself even better. The governor said he was glad I came to Albany, thought he had better not attend the meeting himself, but hoped everybody else would go, and on parting gave me his best wishes for the efforts made and making in behalf of the good cause, with which efforts he seemed to be familiar. He impressed me as few other men ever did on first acquaintance, as a strong man, a frank man, and a man every way to be trusted."

But in any case Mr. Cleveland was too wise a man to take radical action on a subject at the outset of a first presidential term, particularly when that subject was sharply dividing his followers. The election had by no means healed the breach between the Carlisle and Randall factions. If anything, indeed, it was widened, for Randall had by a clever manœuvre apparently strengthened his side from the South. He had done this by campaigning in aid of Southern Democratic candidates for Congress who favored protection. Together with his first lieutenant, William McAdoo of New Jersey,

Randall went in the fall of '84 to Louisville, Kentucky, and spoke under the very nose of his enemy, Watterson. From Kentucky he continued his work into Tennessee and Alabama. He did not meet with a cold reception. Everywhere he had large audiences and proofs of sympathy, everywhere he found newspapers to support him. To those on the inside it was apparent that Pennsylvania had been busy in the Southern manufacturing centres, and that its money and influence accounted largely for the candidates and the interest. But it was not a sign to be lightly regarded, and Mr. Randall took care that its full strength be known to Mr. Cleveland.

But however cautious Mr. Cleveland meant to be, his first message showed that he stood with Mr. Carlisle and not with Mr. Randall. He was for revision at once. "The fact that our revenues are in excess of the actual needs of an economical administration of the government justifies a reduction in the amount exacted from the people for its support," he wrote. "The proposition with which we have to deal is the reduction of the revenue received by the government and indirectly paid by the people from the customs duties. The amount of such reduction having been determined, the inquiry follows, where can it best be remitted and what articles can best be released from duty in the interests of our citizens? I think the reduction should be made in the revenue derived from a tax upon the imported necessaries of life." "The question of free trade," Mr. Cleveland said, "is not involved, nor is there any occasion for the general discussion of the wisdom or experience of a protective system." He also interpolated a paragraph assuring the protected industries and their working-men that there was no intention in his mind of any ruthless changes which would hurt their interests.

As was to be expected, Mr. Carlisle and Mr. Morrison returned to the charge as soon as Congress opened. Four

months were spent in preparing a new bill and on it the very best brains of the party were engaged. Abram Hewitt, who had in the previous session presented a bill embodying his ideas, now went to work with Morrison. David Wells and J. S. Moore, the "Parsee Merchant," came to Washington to give their help. The greatest care was taken to meet the just objections to the previous measure, and when the bill was reported in April, 1886, it was found to be more moderate than its predecessor. The objectionable horizontal levelling had been given up. Duties had been studied in relation to labor cost. The free list was larger, including coal, salt, and iron, copper and lead ores. It was a bill for which both Republicans and Democrats might have voted without violating party platforms, but there was no hope for it. The Randall faction again joined the Republicans when Mr. Morrison asked the House to go into a Committee of the Whole to consider his bill, and voted him down by a vote of 157 to 140. Four Republicans voted with Morrison, 35 Democrats against him.

Mr. Morrison might be defeated, but tariff revision could not be. Indeed, the situation was becoming more complicated every day. For four years a serious business depression had harassed the country. Mr. Carroll D. Wright, who, as commissioner of labor, investigated the condition and reported a little later, found that in the year ending July, 1885, there had been fully 1,000,000 persons out of employment. He estimated that year of idleness meant a loss of $300,000,000 to the country. Strikes were incessant, and in 1884 and 1885 over 20,000 failures had occurred, many of them being in highly protected industries. Indeed, some of the chief advocates of the system had gone down in the general distress, among them John Roach, whose panegyric on protection as the source of prosperity was one of the

choice pieces collected by the Tariff Commission of 1882, and Henry Oliver, the representative on the Commission of the iron and steel industries. The piling up of the surplus, too, was causing more and more uneasiness. In the year ending just after Mr. Morrison's second bill was denied consideration, the surplus was found to be nearly ninety-four million dollars, with no profitable provision for spending. Even Mr. Randall was willing to admit that this was serious, and to remedy it he now prepared a bill. The gist of it was the reduction of the surplus by *increasing* the duties; that is, making them prohibitory. If nothing was imported, nothing would be collected. Of course, there was no hope for Mr. Randall's proposition, though the Ways and Means Committee gave prominence to it by an adverse report and it was discussed fully in the public press, particularly in the New York *Times*, where the "Parsee Merchant" dissected it mercilessly.

This, in substance, was the condition of things when it came time for Mr. Cleveland to send in his second message. His first year in office had certainly given him large opportunity to study the tariff question. It had not been wasted. His notions had evidently been enlarged and intensified and in his message he urged at length upon Congress the "pressing importance" of revision. He made a strong argument against the system which had produced the surplus he was laboring with and at the same time caused "abnormal and exceptional business profits," "without corresponding benefit to the people at large," and it ended with a plain warning to Congress that nothing could be accomplished "unless the subject was approached in a patriotic spirit of devotion to the interests of the entire country and with a willingness to yield something to the public good." This message is particularly interesting in comparison with the famous one of a year later. Indeed, it con-

tains nearly all the points elaborated there. But it fell on deaf ears. Mr. Morrison proved this when, a few days later, he tried again to get his second bill reported, and was defeated. Not only did Congress refuse to consider Mr. Morrison's bill, it adjourned in March, 1887, without any action of any kind in regard to revenue.

And while the members of Congress sullenly refused to consider the needs of the country lest in so doing they might sacrifice party advantage, Mr. Cleveland and his cabinet were spending anxious days trying to find means to unclog the treasury and avert panic. In the first six months after the message of December, 1886, nearly $80,000,000 were applied to taking up 3 per cent bonds. Financial uneasiness continuing, some eighteen to nineteen millions more were spent on the same bonds, and twenty-seven and one-half millions in taking up bonds not yet due and in anticipating interest. Even after this Mr. Cleveland and Mr. Fairchild, his Secretary of the Treasury, did not feel at all certain that trouble would not return, and as the hot weather came on and the cabinet members prepared to leave for their summer homes, the President arranged that they keep him informed of all their movements. He wanted to be able to reach them, he told them, for he had made up his mind that if there was a recurrence of trouble he would call an extra session of Congress and lay matters before the members in such a way that they would be forced to act.

But the summer passed and business grew better rather than worse. In September Mr. Cleveland went to Philadelphia to the centenary of the Constitution and there he met Mr. Fairchild. The two talked matters over and agreed that no extra session would be needed. "I was almost sorry," Mr. Cleveland once told the writer " — not sorry that the trouble was over, but that my opportunity was lost." But

the *cause* of the trouble remained and continued to worry the President. It continued, too, to worry the country. Ugly evidences of this were continually coming from press and people. Mr. Cleveland was accused of not realizing the situation, of fearing the Randall faction of his party, of doing nothing because he was playing for a second term, — the old-time charges against the man who in a difficult situation with a divided party behind him, studies his case and waits for a favorable moment to act. Later in September, something happened which set everybody agog. Secretary Fairchild and Speaker Carlisle were reported to be at Oak View in consultation with the President and Mr. Randall was not present. It was taken as a sign that the President had concluded to ignore the Randall faction. But Mr. Cleveland did nothing more at the September council than to get the opinion of his colleagues on the situation; he did not reveal his plan of campaign, though at that moment he had it in mind, indeed had practically decided upon it, and a bold, original plan it was.

Mr. Cleveland had come to the conclusion that the country must be forced to think about the tariff and its relation to the business disorders, and that the only way open to him to force this attention was to devote his entire forthcoming message to Congress to that subject. No such thing had ever been done by a President of the United States. But there was no constitutional objection to the idea. Nothing but precedent was against it and Mr. Cleveland concluded that here was a case where the breaking of a precedent was more useful than the observance. For weeks he turned the matter over in his mind, taking nobody into his confidence, until finally early in November he told his cabinet what he had determined upon. He regretted, he said, not to use their several reports as was the custom, particularly when every-

body had made so good a showing, but in his judgment the situation justified the action. There was not an objector to the suggestion; on the contrary, there was hearty and unanimous approval. Every member of the cabinet seems to have realized that the President had hit on a move of undoubted wisdom.

The writing of the message was a serious task for Mr. Cleveland. He realized that its effect depended upon the completeness of his argument and his making himself clear and convincing to plain people. It was really a literary task, and Mr. Cleveland was not a literary man. He was a lawyer, accustomed to presenting what he had to say in the forcible and exact but more or less technical and ponderous terms of the law. He had a taste, too, for sonorous and unusual words and phrases, but now he wanted to be simple, — as simple as he could be, and still be dignified. For weeks he kept his message within reach in the drawer of his White House work-table, whenever he had a moment, taking it out to add to and to correct. Finally he had the structure worked out to his satisfaction. He would begin at the end of the story with what the high tariff had done, the dangers and hardships it had brought on the country, and he would tell Congress plainly, this is your work and you alone can remedy it. With dignity and clearness he worked out the situation:

"You are confronted at the threshold of your legislative duties," he wrote Congress, "with a condition of the national finances which imperatively demands immediate and careful consideration. The amount of money annually exacted through the operation of present laws, from the industries and necessities of the people, largely exceeds the sum necessary to meet the expenses of the Government. . . . This condition of our Treasury is not altogether new; and it has more than once of late been submitted to the people's representatives

in the Congress, who alone can apply a remedy. And yet the situation still continues with aggravated incidents, more than ever presaging financial convulsion and widespread disaster. . . . If disaster results from the continued inaction of Congress, the responsibility must rest where it belongs."

He set down the income, the expenses, the unusual efforts made to dispose of the surplus, and after all was done, he told them another June would probably see $140,000,000 more in the Treasury than was needed, "with no clear and undoubted executive power of relief." All of the suggestions before him for getting rid of the surplus: that is, purchasing at a premium bonds not yet due; refunding the public debt; depositing the money in banks throughout the country for use, he believed to be unwise and extravagant. What was needed was something deeper than expedients for spending money, it was stopping the inflow by removing the cause. What was the cause? Why, unnecessary taxation, of course. "Our scheme of taxation by means of which this needless surplus is taken from the people and put into the public treasury," Mr. Cleveland wrote, "consists of a tariff or duty levied upon importations from abroad, and internal-revenue taxes levied upon the consumption of tobacco and spirituous and malt liquors. It must be conceded that none of the things subjected to internal-revenue taxation are, strictly speaking, necessaries. There appears to be no just complaint of this taxation by the consumers of these articles, and there seems to be nothing so well able to bear the burden without hardship to any portion of the people. But our present tariff laws, the vicious, inequitable, and illogical source of unnecessary taxation ought to be at once revised and amended."

And Mr. Cleveland set out to explain clearly to the people why, in his opinion, the adjectives he applied to the tariff were not too strong. The argument is important. It was the

reason of an honest and candid man for the faith within him and it was destined to convince masses of people and to be the accepted argument of a majority of his party in years of future struggling on the question. The gist of it was that the tariff is really a tax, — that is, the price of the imported article one buys is higher by the amount of the duty, and this duty makes it possible for people who are manufacturers of the same kind of articles as those imported to sell them for a price approximately equal to that demanded for the imported goods. In the first case the tax or duty goes to the government, in the other case to the domestic manufacturer. "It is said that the increase in the price of domestic manufactures resulting from the present tariff is necessary in order that higher wages may be paid to our working-men employed in manufactories, than are paid for what is called the pauper labor of Europe." Now out of a population of 50,155,783, 2,623,089 persons are employed in such manufacturing industries as are claimed to be benefited by a high tariff. "To these the appeal is made to save their employment and maintain their wages by resisting a change. . . . Yet with slight reflection they will not overlook the fact that they are consumers with the rest. . . . Nor can the worker in manufactures fail to understand that while a high tariff is claimed to be necessary to allow the payment of remunerative wages it certainly results in a very large increase in the price of nearly all sorts of manufactures, which in almost countless forms he needs for the use of himself and his family. He receives at the desk of his employer his wages, and perhaps before he reaches his home is obliged, in a purchase for family use of an article which embraces his own labor, to return in the payment of the increase in price which the tariff permits, the hard-earned compensation of many days of toil."

Mr. Cleveland felt strongly that it was to the 7,670,493

farmers in the country that the tariff worked particular injustice. Seeking an illustration of his idea he went back to his boyhood in New York State, when every farmer he knew had a few sheep; when he himself wore a suit of homespun wool — the very odor of which he said he remembered! What good were these farmers getting from the wool tariff?

"I think it may be fairly assumed," he wrote, "that a large proportion of the sheep owned by the farmers throughout the country are found in small flocks numbering from twenty-five to fifty. The duty on the grade of imported wool which these sheep yield is ten cents each pound if of the value of thirty cents or less, and twelve cents if of the value of more than thirty cents. If the liberal estimate of six pounds be allowed for each fleece, the duty thereon would be sixty or seventy-two cents, and this may be taken as the utmost enhancement of its price to the farmer by reason of this duty. Eighteen dollars would thus represent the increased price of the wool from twenty-five sheep, and thirty-six dollars that from the wool of fifty sheep; and at present values this addition would amount to about one-third of its price. If upon its sale the farmer receives this or a less tariff profit, the wool leaves his hands charged with precisely that sum, which in all its changes will adhere to it, until it reaches the consumer. When manufactured into cloth and other goods and material for use, its cost is not only increased to the extent of the farmer's tariff profit, but a further sum has been added for the benefit of the manufacturer under the operation of other tariff laws. In the meantime the day arrives when the farmer finds it necessary to purchase woollen goods and material to clothe himself and family for the winter. When he faces the tradesman for that purpose he discovers that he is obliged not only to return, in the way of increased prices, his tariff profit on the wool he sold, and which then perhaps lies before him in manufactured form, but that he must add a considerable sum thereto to meet a further increase in cost caused by a tariff duty on the manufacture. Thus in the end he is roused to the fact that he has paid upon a moderate purchase, as a result of the tariff scheme

which when he sold his wool seemed so profitable, an increase in price more than sufficient to sweep away all the tariff profit he received upon the wool he produced and sold.

"When the number of farmers engaged in wool-raising is compared with all the farmers in the country, and the small proportion they bear to our population is considered; when it is made apparent that, in the case of a large part of those who own sheep, the benefit of the present tariff on wool is illusory; and, above all, when it must be conceded that the increase of the cost of living caused by such tariff becomes a burden upon those with moderate means and the poor, the employed and unemployed, the sick and well, and the young and old, and that it constitutes a tax which, with relentless grasp, is fastened upon the clothing of every man, woman, and child in the land, reasons are suggested why the removal or reduction of this duty should be included in a revision of our tariff laws."

One of the most significant parts of Mr. Cleveland's message from the point of view of present-day developments is that in which he pointed out the relation of the tariff to the trusts. By this time (1887) the movement to prevent any lowering of domestic prices of the protected articles by natural competition was already strong and alarming. The sugar trust, the National Lead Trust Company, the National Linseed Oil Trust, the Copper Syndicate, the association of steel men, the combinations in wax, rubber goods, oil cloth, and dozens of other highly protected articles, were worrying the whole country. "It is notorious," Mr. Cleveland wrote, "that competition is too often strangled by combinations quite prevalent at this time, and frequently called trusts, which have for their object the regulation of the supply and price of commodities made and sold by members of the combination. The people can hardly hope for any consideration in the operation of these selfish schemes. . . . *The necessity of com-*

bination to maintain the price of any commodity to the tariff point, furnishes proof that some one is willing to accept lower prices for such commodity, and that such prices are remunerative."

Mr. Cleveland did not neglect either to touch upon another feature of the protective trust which was causing uneasiness and of which he was soon to learn much more than he knew then, that was, the measures being taken to prevent any revision at all. "So stubbornly have all efforts to reform the present condition been resisted by those of our fellow-citizens thus engaged (in protected industries) that they can hardly complain of the suspicion entertained to a certain extent that there exists an organized combination all along the line to maintain their advantage."

Little by little with care and pains the message was beaten out. The greatest caution was taken to have it exact. For example, after the illustration on the farmer and his wool was written, Mr. Cleveland became concerned for his figures. He knew twenty-five to fifty was the right average for a farmer's sheep in New York State, but how about Ohio? He called in a member of the bureau of statistics, and was told the average Ohio flock was between twenty and forty. And as he verified figures he qualified statements, reiterating his assurance that no revision which would destroy any business was contemplated — none which would throw labor out of work or lower its wages, that no doctrinal discussion was sought. "*It is a condition which confronts us — not a theory,*" was his famous phrase. And most solemnly did he beg Congress to approach the question "in a spirit higher than partisanship, to consider it in the light of that regard for patriotic duty which should characterize the action of those intrusted with the weal of a confiding people."

Throughout the whole period of composition of the message Mr. Cleveland took no one into his confidence. Finally, one day after it was complete, Mr. Carlisle called on some business. When he had finished Mr. Cleveland said: "Carlisle, I want to read you something." It was his message. He had decided to present it practically as it was, he said, but he was afraid he had made it too simple. He wanted it perfectly dignified. Would Mr. Carlisle listen to it and make any suggestions he might have? Walking up and down, Mr. Carlisle listened attentively. Once or twice he broke in, correcting what he believed to be a too general statement. Thus Mr. Cleveland had written, "The majority of our citizens who buy domestic articles of the same class (as imported articles) pay a sum *equal* to the duty to the home manufacturer." Mr. Carlisle did not think they paid the full amount of the duty. He believed usually it was a little less. Mr. Cleveland had better say "substantially equal." Mr. Cleveland wrote finally, "at least approximately equal." Beyond a few suggestions of this kind Mr. Carlisle had nothing but hearty approval for the message.

On the 6th of December it went to Congress. The effect was instantaneous. All over the country thinking people cried out that not since the Emancipation Proclamation had a President of the United States shown equal courage and wisdom. The patience with which Mr. Cleveland had waited for Congress to take the action needed and to which he had in both his previous messages urged it, the deliberation and caution with which he had worked out *his* duty when Congress failed to do *its* duty; the courage with which he acted when he felt the time had come for his interference, the high patriotism with which he had swept away all thought of the result to himself and the party for what he believed to be the general good — all these features appealed to the

thoughtful and led many to draw a parallel between Abraham Lincoln in 1862 and Grover Cleveland in 1887.

The immediate important political result of the message was that it crystallized tariff sentiment in both parties. The Democrats who had been trying to mix enough protection with their "ultimate free-trade" or "tariff-for-revenue-only" principles to ease the fears of protected industries, and win over Mr. Randall, turned exclusive attention to revision without compromise. As for Mr. Randall, it was plain his day was over — if his fight was not.

At first the message caused something like a panic among Republicans. The *Tribune* appealed to Mr. Blaine for help and he sent from Paris a famous interview. If anything was needed to emphasize the worth of Mr. Cleveland's message, it was supplied by Mr. Blaine's interview. The combination of the two documents caused something like a split in Republican ranks. The Chicago *Tribune* and a number of other Western papers came out with as strong a commendation of Mr. Cleveland as the New York *Nation*, and in Minnesota, Nebraska, and Iowa particularly, many leading Republicans publicly approved it. Nevertheless, the final effect on the party was to solidify the varying degrees of protectionists into one body. Cost what it might the Democrats must not be allowed to reform the tariff. Nothing was better campaign capital for Republicans than the charge of "free-trade." If Mr. Cleveland's will prevailed, the value of the epithet might be materially lessened. Protection must be preserved. If its operations were to be corrected, this must be done by its friends, not its enemies. Whatever their differences about the degree and extent of duties, all good Republicans must now stand together.

CHAPTER VII

THE MILLS AND ALLISON BILLS

It is one of the ironies of the political history of this period that the Democrat who for many years had been among the most devoted to a reform bill, William R. Morrison of Illinois, should not have been in Congress now that the tide had turned to lead in its making. Mr. Morrison had been defeated in the fall of 1886 and it was necessary to have a new chairman for the Ways and Means Committee. Roger Q. Mills of Texas was chosen. The appointment was a red rag to the high protectionists, for Mr. Mills was an out-and-out free-trader. After Mr. Carlisle he was the ablest and best informed man in Congress on the tariff. There are two classes of Congressmen, those who study their subjects and those who do not. While three-fourths of Mr. Mills's colleagues visited with constitutents, dined with their fellows, looked after their fences, held their ears to the ground, he was poring over tables and reports. He had entered Congress in 1873, an ex-confederate officer thrice wounded during the war but still as handsome a man as there was in the body — one of the few Congressmen who never allowed Ben. Perley Poore to put his biography into the Congressional Directory! Mr. Mills was the soul of chivalry, and more than once exasperated his Democratic colleague by his generosity to his opponents. He had refused in 1883 to join the Democrats in their opposition to the admission of the colored members from South Carolina. They had been elected, they must be admitted. In 1884 McKinley's seat was contested. Mr.

Mills became convinced that McKinley had really been elected and he voted accordingly. Poor "Pig Iron" Kelley, ill and distracted over the attack on his favorite doctrine of protection as well as over the corruption in his own party which had at last become too general and high-colored to escape even his blind eyes, had angered the House and it had moved to reprimand him. Mr. Mills protested: he was old, he had faithfully served his country, he would have no part in so cruel and unjust a measure.

Mr. Mills had been brought up in the fine old school of Democracy. Free speech, free trade, independent action, self-reliance were cardinal virtues to him. He took his principles as he found them in Thomas Jefferson, and he literally followed Jefferson's advice to go back frequently to the ideas on which the government had been founded for encouragement and advice. The interpretation of protection which he had found in force when he entered Congress and the growing combinations of business men to support it, he despised, and from the first all his fighting blood had been up against them. He had been on the Ways and Means Committee continually since his first appointment and had contributed some of the strongest arguments and sayings to be found in the various debates. "Free poker and a taxed Gospel" was his phrase; his way of characterizing the failure to get Bibles on the free list and playing cards off.

Naturally Mr. Mills brought to his chairmanship some positive ideas. One of the most positive was that there should be no hearings given to manufacturers. If he had denied the right to life, liberty, and happiness, no louder wail would have arisen. With every tariff bill the "hearings" had been growing longer and more futile, declared Mr. Mills, and one who undertakes to read them, even to look over them, cannot deny that he was right. Admitting all that any candid pro-

tectionists could claim for the value of the hearings there was already an accumulation of recent ones as great as any committee could digest. There were the two big volumes of the tariff commission dated 1883, perhaps on the whole the best which had been taken; there were several volumes from Mr. Morrison's committee and from the Senate Finance Committee. This was enough in Mr. Mills's opinion and he set his foot down about taking further testimony of this kind. He even held out against meeting socially the gentlemen who haunted Washington for the purpose of keeping their representatives in mind of what might happen "back home" if what they had asked was not given. Several amusing incidents resulted from his obstinate stand on the matter. One came through the determination of the "Parsee Merchant" to force Mr. Mills to talk with some of the manufacturers. The "Parsee" was as devoted a free-trader as Mr. Mills, but he did not share Mr. Mills's antipathy to lobbyists. He was a man of the world, a great diner-out, a brilliant talker. At his own dinners in Washington he brought together people of the most varied tastes. One night he entertained the Ways and Means Committee, including the Chairman. The dinner was under way when a card was brought in. With assumed surprise Mr. Moore exclaimed, "Why, it's my friend Mr. Havemeyer, bring him in." Now for some time Mr. Mills had been besought to meet Mr. Havemeyer, and he had persistently refused. He did not propose to be trapped into a meeting. The great sugar man came in one door; Mr. Mills went out the other.

Mr. Mills had of course decided notions about the principles to be embodied in the bill. He stood for free raw materials, and consequently increased the free list considerably; wool, salt, lumber, wood-pulp, flax, hemp, and jute were the important additions. Tin plates and cotton ties were the leading

manufactured items he made free. His chief hobby, however, was no specific duties. As the schedules then stood both specific and ad valorem were assessed on a great variety of articles. As an illustration, take dress goods, which started with a division into part wool and all wool. The former class was then divided according to value, those goods worth 20 cents or less per square yard carrying a specific duty of 5 cents per square yard and 35 cents ad valorem; those worth more than 20 cents, 7 cents and 40 per cent ad valorem. All-wool goods were divided according to weight: those weighing 4 ounces or less per square yard carried 9 cents per square yard, and 40 per cent ad valorem; those over 4 ounces, 35 cents per pound and 40 per cent ad valorem. The confusion resulting from this complexity was constant and opportunity for fraud increased with each variation. The scandals through the '70's and '80's charged by the Republicans solely to ad valorem duties were largely due to the irritating classifications according to value and the mixture of ad valorem and specific duties.

When Mr. Mills went to work on the bill he had before him a trial measure on which he had spent six months at home before his appointment and which for his own satisfaction he had had printed. He had attempted in his bill to avoid all specific duties; thus in the case of dress goods he wiped out all classifications and put a straight 40 per cent on the value, but as he afterwards said: "When I got to work with my brethren on the bill I found it would not go and I had to abandon my ad valorem tariff bill. The schoolmaster had not been sufficiently around to bring our people back to the Democratic principle of taxation as to value." Mr. Mills simplified the complicated cotton schedule in the same way that he had the woollen schedule, by sweeping away the confusing classifications and assessing a straight 40 per cent on their

value. The duties were reduced less drastically on iron and steel, and sugar suffered a reduction of only 18 per cent. The failure to apply the same rule to iron and steel and sugar as to wool and cotton was probably "geographic," as Tom Reed charged. "This bill, far from being philosophical, is political from one end to the other," Mr. Reed said in debate. "Is it not singular that this great principle of labor-cost somehow or other seems to be strictly geographical — that it strikes the Canadian line with cyclonic force and that the Southern states seem to be so far removed from the storm centre as not to be in the slightest degree even ruffled?" Mr. Mills's committee was made up largely of Southerners; iron and sugar interests were strong in their districts, both claimed special protection and both received it.

The Mills Bill aroused a tremendous discussion. The "Great Debate," as it is called in tariff annals, lasted for over a month. One hundred and fifty-one speeches were made, those of Mr. Mills, McMillin of Tennessee, Wilson of West Virginia, Scott of Pennsylvania, Cox of New York, and Carlisle of Kentucky were the most important on the Democratic side: those of Reed of Maine, McKinley of Ohio, Burrows of Michigan, Butterworth of Ohio, and Kelley of Pennsylvania, the leading ones on the Republican side. The Democratic attack was along the lines of Mr. Cleveland's message with particular emphasis on the small per cent of wages directly affected by the tariff and the large amount of the duty which went elsewhere than to labor. A large body of expert calculations on these points were at their service. The first point had been recently solved by three able statisticians, each working independent of the other. They were Worthington Ford, E. B. Elliot, and Simon Newcomb. The results at which they arrived were bad for the claim that high wages depended on protection. They showed that as a fact the duties

affected but a small amount of labor; according to Mr. Ford 4.07 per cent, according to Mr. Elliot 4.34 per cent, to Mr. Newcomb $5\frac{1}{2}$. That is, there was 94 per cent of the wages of the community which were not affected by tariffs, although the earners of these wages were paying higher prices for many of the necessities of life because of these tariffs.

On the second point Mr. Mills and his colleague had the completest official study of the cost of production in the United States which had been made up to that time. This study was in the first report ever published by the Bureau of Labor,[1] and was made by our first Commissioner, Carroll D. Wright. Mr. Wright showed conclusively how much less a part muscular labor played in the cost of a great bulk of protected articles than was supposed. Since the Civil War machines had displaced men in the making of agricultural implements, until 600 men did what formerly had required 2100; in boots and shoes 100 were doing what had formerly required 500; in carpet making, in cotton weaving, in the lumber business, in the production of metals, in the manufacture of paper, of woollen goods, of tobacco, of silk, of practically everything, indeed, a sweeping displacement of hand labor had taken place and always with a resulting increase of quantity and decrease of labor cost. This was in 1886, and what was then a comparatively new development is to-day an old story, but one far more wonderful. Machines have multiplied and improved in practically every industry, with a resulting decrease in labor cost.

Mr. Mills made an effective argument from Mr. Wright's report by comparing the labor cost in the manufacture of many leading necessities of life with the duties which the manufacturers were fighting for in the name of labor.

[1] The Bureau was established by Congress in 1884, President Arthur approving. Mr. Cleveland made the first appointment in January, 1885.

"I find in this report," said Mr. Mills, " one pair of 5-pound blankets. The whole cost as stated by the manufacturer is $2.51. The labor cost is 35 cents. The tariff is $1.90. Now here is $1.55 in this tariff over and above the entire labor cost of these blankets. . . . Here is one yard of flannel weighing 4 ounces; it cost 18 cents, of which the laborer got 3 cents, the tariff on it is 8 cents. How is it that the whole 8 cents did not get into the hands of the laborer? . . . One yard of cashmere, weighing 16 ounces costs $1.38. The labor cost is 29 cents; the tariff duty is 80 cents. One pound of sewing silk costs $5.66; the cost for labor is 85 cents; the tariff is $1.69. One gallon of linseed oil costs 46 cents; the labor cost is 2 cents; the tariff cost is 25 cents. One ton of bar iron costs $31.00. The labor cost is $10.00. The tariff fixes several rates for bar-iron and gives the lowest rate $17.92. One ton of foundry iron costs $11.00; the labor costs $1.64; the tariff is $6.72. None of these tariffs go to the laborer. The road is blocked up. They cannot pass the pocket of the manufacturers. This "great American" system that is intended to secure high wages for our laborers is so perverted that all its beneficence intended for the poor workingman stops in the pockets of his employer and the laborer only gets what he can command in the open market for his work."

Now admitting that Mr. Mills was too sweeping in his conclusion, there is no escaping the truth or the meaning of the figures. The price of all sorts of necessary manufactured articles was increased by the duties, rarely to their full amount to be sure, but yet much beyond what was necessary to put the domestic manufacturer on an equal footing with the foreigner. Somebody got the extra profit, and it was not the workingman. But the workingman paid the extra price. Mr. Mills illustrated it in this way. "Suppose," he said, "that a laborer who is earning a dollar a day by his work finds a suit of woollen clothes he can buy for $10.00 without the tariff. Then the suit can be procured for 10 days' work, but

the manufacturer goes to Congress and says, 'I must be protected against the man buying this cheap suit of clothes.' And Congress protects him by putting on a duty of 100 per cent, or $10.00. Now it will require the laborer to work twenty days to get this suit of clothes. Now tell me if 10 days of his labor have not been annihilated?"

It fell to William McKinley of Ohio, who for the first time in the Great Debate showed his skill in tariff matters, to answer Mr. Mills. "It is an old story," he said lightly. "It is found in Adam Smith, but it is not true"; and to prove it was not true Mr. McKinley awakened the House by dragging from his desk a full suit of ready-made clothes. Holding them up triumphantly in one hand, he showed in the other a bill for them. They cost just $10.00. "So you see," went on Mr. McKinley, "the poor fellow did not have to work 10 days more to get that suit of clothes." There was "great applause and laughter" on the Republican side and there was talk of having the suit photographed to show in the campaign.

Mr. Mills said nothing, but he began an investigation. He sent to the shop where, according to the bill read by Mr. McKinley, and printed in the Congressional Record, the suit had been bought, and secured one like it. He then traced it to the manufacturer and from him secured an exact analysis of its cost. The result pleased him and he decided to save it for his speech closing the debate, but when the day came Mr. Mills was so full of facts and figures that he was forgetting the suit. His son, Mr. Charles H. Mills, was in the gallery, and realizing the situation passed down a note reading, "Don't forget McKinley's suit of clothes." A smile passed over the Colonel's face and taking a fresh start he presented the result of his investigation. The gist of his entertaining remarks was that the suit had actually cost to manufacture, tariff aside, just $4.98. The labor cost was

$1.65. The tariff on the wool used in the suit was $1.70. Adding this to the $4.98, gave $6.68 and on this sum the manufacturer was allowed a duty of 40 per cent to compensate for the wool tax and also of 35 per cent to protect him against the imported article. The whole cost, plus the three tariffs was $10.71. "Of course," said Mr. Mills, "the manufacturer had to undersell the foreign suit and to do so he dropped under him 71 cents and sold his $4.98 suit for $10.00 with the help of the tariffs."

As for Mr. McKinley's comment that the illustration came from Adam Smith, Mr. Mills had a story to tell. It reminded him, he said, of the small boy who was caught thieving and whose mother in chiding him, said, "Don't you know it is wrong to steal? Don't you know what the Bible says?" "Oh, now, mother," the youngster replied, "that's an old story. Moses told it 4000 years ago."

As a matter of fact, Mr. McKinley's answer to Mr. Mills had been a trick. Mr. Mills had not said that a man could not buy a suit of clothes for $10.00 in the United States; he said that if a tariff of 100 per cent was put on a suit which could be sold for $10.00 without the tariff, a man would pay $20.00 for his suit. Mr. McKinley had diverted attention from the real point simply by holding up a ten-dollar suit in the Halls of Congress. It was characteristic of the way in which the taxation element of the tariff was beginning to be handled that after Mr. Mills's answer the suit disappeared entirely from the debate; that is, there began at this time a concerted effort on the part of supporters of protection to evade or deny the fact that the tariff was a tax the effect of which was to increase the cost of living. In all the early years this point was met with fairness. The tariff was a tax consented to by a majority of the people because of what they believed to be good and sufficient reasons. Henry Clay called it a

tax, — the protectionists who advocated raising the duties in the Civil War called them taxes. The Republican party as a whole admitted them to be taxes in 1872. The tariff Commission of 1883, made up of protectionists, approved by a Republican administration, called them taxes — taxes which had become largely unnecessary for the purposes for which they were laid and therefore unjust.

All through the Great Debate the necessity of stopping the use of the word grew on the Republicans. They sought to replace the obnoxious term which was unquestionably influencing the country by something alluring. The tariff a tax, they cried; why, the tariff is the *cause* of prosperity; and they set out to force the argument away from the practical questions which Mr. Cleveland's message had raised, — the question of who, after all, got the profit, the question of the relation of high duties to panics and trusts, to depressions and high prices.

"We have now spent twenty days in the discussion of the Mills Bill," said Mr. Reed, when he made his leading speech. "Have you noticed what has been the most utterly insignificant thing in the discussion? The most utterly insignificant thing in the discussion has been the Mills Bill." It was true, and Mr. Reed's party was responsible. It was engaged in a shrewd struggle to divert attention from damaging evidence and to establish a superstitious reverence for the doctrine of protection which would put it out of the reach of attack by facts and logic.

Seven months after Mr. Cleveland's message, July 21, the House passed the Mills Bill — passed it by a very decent majority — 162 to 114. Mr. Randall's followers, who in May, 1884, had been 41 strong against Mr. Morrison's original bill, and in June, 1886, 35 strong against his second bill, had dwindled to three or four. They had not given up without

a fight. Randall had prepared a second bill to introduce, but even the most devoted of his followers realized the hopelessness at that moment of any bill which advocated reduction as his did by free tobacco and free whiskey and prohibitory tariffs. Randall, too, was away from the House much of the spring of 1888, suffering from the disease which two years later was to end his life; and his group, left without the stimulus of his magnetic presence, subject to the pressure of the majority and to the rising popular approval of Mr. Cleveland, dwindled away one by one. They left him with heavy hearts. Indeed, for more than one of them the most painful experience of his political life was "going back on Sam Randall," — not, let it be noted, on the doctrine of protection.

Four days after the House bill was passed it was turned over to a sub-committee of the Senate Finance Committee, appointed two months before to prepare for its reception. The chairman of this sub-committee was Senator William B. Allison of Iowa. It could not have been a better man. Allison was at the time nearly sixty years old and he had been in Congress constantly for over twenty-five years. Most of the time he had served on the House or Senate Committees in charge of the tariff. He had begun his career as a very moderate protectionist of the Garfield type. In all of the early years of the Republican struggle to keep the war-time promises as to high duties, *i.e.* to reduce them as the internal taxes came off, Allison had been a leader. In March of 1870, when the Schenck Bill was under consideration, he made one of the ablest tariff reform speeches of the period; a speech which dogged his later life. But Allison was a strong party man. As the tariff became gradually a matter of politics rather than of principle he adapted his views to the needs of the campaigns, striving diligently for duties which would win the most supporters and do the least harm to

consumers. By temperament he was admirably adapted to compromise. They used to say in Iowa that he could walk on eggs from Des Moines to Washington and not break one. Senator Dolliver admirably characterized Senator Allison's gift of getting on with men in his eulogy delivered in the Senate in 1905: "He avoided dogmatism even in its most attractive forms and made room in the expression of his opinion for those differences which he knew would be encountered sooner or later, giving leeway for composing those disagreements which he knew must be composed before anything could be actually done." Senator Allsion was peculiarly ready for making a tariff bill at this time, for he had been the head of a sub-committee which only a few months before had finished an important new measure for reforming the Administration of the Customs. This had already passed the Senate and at the time Allison and his colleagues took up revision, was before the Committee of Ways and Means.

By way of emphasizing its sympathy with the protected as well as to show its disapproval of Mr. Mills's attitude, the Senate Committee began hearings in May of 1888 which were continued at intervals until the first of the next year. They make four big volumes and altogether are an illuminating compilation for the student. Much more important than the hearings was a piece of work going on quietly at the same time at Senator Allison's request: this was the actual preparation by an expert of a bill which was to serve as a guide and model to the Committee. The expert chosen was Colonel George C. Tichenor, a man who knew more about the administration of our customs and had more authoritative notions of what duties should be to meet a moderate protectionist program than anybody then living. Colonel Tichenor had first come into touch with the tariff in 1877 when he

had been appointed by John Sherman, then Secretary of the Treasury, a special agent of the Department. Here he was so impressed with the importance of the question and possibly also with the rarity of men who really knew anything about it, that he determined to master all its intricacies. In 1881 he was sent abroad by the Secretary to study undervaluations and the cost of production. Colonel Tichenor spent some four years in different parts of Europe seriously examining various sides of the tariff question. His studies had led him to one conclusion which was of particular influence at the moment, and that was that specific duties should replace ad valorem wherever possible, the exact opposite to Mr. Mills's conclusion. Colonel Tichenor believed the ad valorem duty more equitable, but that human ingenuity and dishonesty would always find ways of evading it, and that as a result both the honest importers and the government would suffer. It was to be expected that the administration should feel strongly about undervaluations and be ready to accept almost any system which promised to make them more difficult. The scandals arising from them had been flagrant for years. These undervaluations were by no means due alone to dishonest importers, they were due quite as much to dishonest and incompetent customs-house officials, to bungling and tricky schedules, and to a general belief in Europe that our tariffs *ought* to be evaded.

Many of Tichenor's recommendations had a value which time has emphasized, such was his warning that specific duties could not be placed arbitrarily without grave injustice; it would require time and preparation to arrange them; such was his protest against "ambiguous phrases, vague description, loose and uncertain definitions, contradictory terms" in a tariff law, and his appeal for "plain, simple, and definite terms."

Colonel Tichenor had been continued in the Treasury Department after Mr. Sherman left it by President Cleveland. He had been used indeed almost as much by the Democrats as by the Republicans. The Randall Bill referred to above was done largely by Tichenor and into it he had introduced many of his favorite ideas. While he was working on the Randall Bill, Mr. Allison had sought his help on the Customs Administration bill; indeed, the latter was much more Colonel Tichenor's bill than any one else's.

It will be seen then that the man to whom Senator Allison turned in the spring of 1888 was thoroughly equipped to make a bill — that he did not even have to begin at the bottom. He had one in hand, the Randall Bill introduced in March but which had never been heard from since its reference to the Ways and Means Committee. By readjusting the rates of this bill to meet more perfectly Senator Allison's ideas, Colonel Tichenor soon turned over the document on which the sub-committee went to work. It became apparent almost at once to those who knew what was doing in the Committee that the rates in Colonel Tichenor's bill were being decidedly increased — a fact which seems to have caused Allison some concern, for we find him writing to Tichenor in August, "You have seen that the constant tendency here is to increase rates. How would this suit our people in the West?"

In October (the 3d) Mr. Allison reported his bill to the Senate as a substitute for the Mills Bill. The latter was so bad, he said, that it could not be amended. There was nothing to do but prepare an entirely new measure. What this measure was, *not* Mr. Allison, but Nelson W. Aldrich of Rhode Island, explained. This report is the first important evidence we have of the powerful influence Mr. Aldrich had already come to exercise in the Senate on tariff matters. It is also a

complete statement of the interpretation of protection which he had adopted and to which he has been ever since faithful. Mr. Aldrich had been in the Senate since 1881. In the making of the bill of 1883 his work for his wool, cotton, and sugar constituents had been marked by those who studied the debates and votes. From that time on business men interested in tariffs had come to count on him more and more. By 1888 he had indeed become more influential than either Sherman or Allison. The report he now made shows that he had none of their leanings towards moderation, none of their anxieties over the evils in protection which both had at one time or another admitted, none of their dislike of complicated schedules and classifications. Mr. Aldrich rejected every principle on which Mr. Mills had worked. He was particularly hard on the attempt to substitute ad valorem for specific duties. The most important work Congress had in hand after taking care of the surplus was stopping undervaluations, he declared; nothing but specific duties would accomplish this. No expert knowledge was required for the enforcement of specific duties by customs officials, "as the articles upon which they are levied have only to be counted, weighed, or measured"; an extraordinary statement when one remembers the scandals in those years over specific duties on sugar; extraordinary also when one finds that many of the schedules in the new bill, as in the law then in force, were subdivided according to the value of the articles, and that in addition to the specific duties on these classes were ad valorem duties. Thus Mr. Aldrich, after denouncing ad valorem duties, presented a bill filled with ad valorems laid on ad valorems! Sharp issue was of course taken with Mr. Mills's free list. Mr. Aldrich declared it destructive. The Republicans had indeed pretty generally given up the idea of admitting free any raw materials which were produced in this

country. The notion that if you gave to one you must to all had been steadily making converts since the early '70's, and it was laid down emphatically now by Mr. Aldrich as one of the tariff principles of the party. No free raw materials where there is competition, but a long free list. Mr. Aldrich called attention to the growth of the free list as a proof of the party's generosity. In 1847, he said, 88 per cent of the articles imported were dutiable. This had been cut down in 1887 to 66 per cent. This was a deceptive statement, for in that period the variety of things imported had enormously increased, and besides the free list was made up largely of articles so rare and unimportant that the ordinary person had to consult the dictionary to know for what many of them were used. In the nature of the case, it could matter little to consumers whether they carried a duty or not. But increasing the free list had become a favorite pastime with enthusiasts like Mr. Kelley. It was presented as a proof of the interest that the protectionist had in the consumer!

The general reduction by the Mills Bill of rates on the articles where the tariff affects the multitude, that is, on iron and steel and woollen and cotton goods, was resented bitterly by Mr. Aldrich. He represented the class of Republicans that had come to feel that protection had created these industries and professed to believe that duties low enough to admit foreign goods in free competition with them would be ruinous. The Senate bill raised many of the rates considerably above what they were in the bill of '83, and in other cases lowered them, but still kept them at a prohibitive point. Structural steel is a case in point. It had begun to show the future which was before it as a building material replacing wood, particularly in larger buildings and in bridges. Under the bill of '83 the duty had been $102\frac{3}{4}$ per cent. The Mills Bill made it 49.32. The Allison Bill

now put it up to something over 91 per cent. There was no possible justification for so high a duty. Steel beams of foreign manufacture could be put down in the United States at that date at about $27.00 a ton exclusive of the tariff. But steel beams were selling in the United States at $66.00 a ton. The argument which raged over this particular article was typical of the way the two parties were handling the question. Senator Vest, in declaring the rate in the Senate bill excessive, quoted an agreement between Mr. Carnegie and the Knights of Labor as his authority for saying that the cost of turning a ton of pig-iron into steel rails was $4.09, and that steel beams cost 30 per cent more, or $5.32 a ton. In reply to this showing, Senator Aldrich said that $4.09 was not a fair estimate of the cost of steel rails, that it represented only the cost of turning pig-iron into steel rails. That on fixing the duty on rails one should go back to the mines and take the cost of the iron as it comes from the earth and the cost of changing it into pig-iron. To which argument Senator Vest replied: "It seems to me, with the greatest respect to the Senators from Iowa and Rhode Island that the proposition is entirely absurd and without the shadow of logical foundation. The pig-iron comes to the manufacture of steel rails a finished product. The cost of the pig-iron had paid all the antecedent cost of manufacture, and it would be just as forcible an argument to say that if the tailor who makes my coat is to be protected, we are not to take as a basis of calculation the cost of the cloth as it came to the tailor's shop, but we are to go back to the wool of the sheep, to the cost of shearing, to the cost of washing, to the cost of carting, and all this is to be added to the cost of the cloth, although the tailor has already paid it."

The opponents of the rates on steel products were loud in their trust alarm. They certainly had an effective example

to hold up. Mr. Carnegie had begun to come into his own, as an illustration of what combined transportation and tariff privileges can do for an able manufacturer. He and his profits and his castle at Skibo figure in every debate on iron and steel products at this period. Even Senator Aldrich had grudgingly to admit a trust in steel beams, but he hopefully declared that if the prohibitive duty was retained, domestic competition would destroy the monopoly. Senator Sherman was not quite so hopeful as Senator Aldrich. He was at last beginning to feel some doubt about the infallibility of domestic competition.

The reduction of the revenue which both parties recognized as of chief importance, the Senate bill sought to effect by the repeal or reduction of direct taxes on whiskey, tobacco, and alcohol used in the arts, and by reducing lower than the Mills Bill had the duty on sugar. An important principle which Mr. Aldrich adopted in his report was Mr. Kelley's favorite argument that the way to reduce was to raise rates so high that people could not afford to import: that is, reduction by increasing taxation. Another significant feature of the document was the complete repudiation of the old promise to reduce rates when the extraordinary expenses of the Civil War had been fully met. "The practical question which we have to solve," said Mr. Aldrich, "is not the date when duties were established or the circumstances or promises under which they were levied; but, the desirability of protection being conceded, it is what rates are proper and adequate under existing circumstances." Equally significant was the almost exclusive attention Mr. Aldrich's report gave to the manufacturer and his laborer. To hear him one would have gathered that the interests of the consumers could not be served except through protection. The almost exclusive attention given to the manufacturer by the

Senate bill was only an expression of the appeal which the Republican party was making in the campaign for the presidency. The platform of the party had declared, "The protection system must be maintained"; such a revision must be made as would "check imports of such articles as are produced by our people, the production of which gives employment to our labor, and releases from import duties those articles of foreign production, except luxuries, the like of which cannot be produced at home. If there still remains a larger revenue than is required for the wants of the government, we favor the entire repeal of internal taxes rather than the surrender of any part of our protective system, at the joint behest of the whiskey trust and the agents of foreign manufacturers." It was practically a declaration for prohibitive tariff, nothing else indeed would "check imports of such articles as are made by our people."

There is no doubt that the party was driven to this extreme position on protection by its own political difficulties. The Mugwump movement out of the party in the early '80's, due partly to the failure of the leaders to keep faith on the tariff, and more to the general corruption in its service and its methods, had cost them the election of 1884. Mr. Cleveland had stolen their thunder as revisionists when he put boldly to the country a doctrine very like that which they had publicly proclaimed in 1872 and 1880. The only element in the country they could rely upon in 1888 was the manufacturers, and they could only rely upon them when they gave them what they asked. Particularly necessary was it that they produce a bill which should in principle and practice satisfy the Iron and Steel Association. This organization had come to take the same political relation to the tariff that the Industrial League had held earlier. Like its predecessor, it aspired to choose chairmen for the Ways and

Means Committee, to name presidents, and to write tariff bills. Its position in the Republican party in 1888, which was close to that of a dictator, was due almost as much to the recognition it had received from Mr. Blaine as to its own energy and efficiency. As we have seen, Mr. Blaine in the '70's had thought it good politics to serve the Industrial League in any way he could. When the Iron and Steel Association gradually replaced that organization he followed the same practice and in 1884, took one of its leading members, B. F. Jones of Pittsburg, as chairman of the Republican National Convention. Mr. Cleveland's election, and the popular revolt against the high tariff attitude, had only quickened the determination of the Iron and Steel Association to protectionize the country, to get out of the way all pestiferous Republican tariff reformers, all free-trade and tariff-for-revenue-only Democrats. They began on the Congressional districts and did some most effective work. Their most brilliant stroke was defeating William R. Morrison of Illinois in 1886. For years Mr. Morrison had represented his District in Congress. He had won the hostility of the Iron and Steel Association by his aggressive fight on protection, and it decided he must go. In the fall of 1886 John Jarrett of Pittsburg, a former president of the Amalgamated Iron and Steel Association and at the time president of the Tin Plate Association, went into Mr. Morrison's district, and by free use of money, "$3.00 a day and all necessary expenses" according to his own published letters, had organized a large body of laborers to work for protection. There were some bitter charges made against Jarrett's methods; whatever they were, and it seems from the evidence that they were "bribery and hiring," they were successful. Mr. Morrison's majority was changed to a substantial minority.

When it came to the campaign of 1888 the Iron and Steel

Association decided that the most critical point was the chairman of the National Republican Committee. Jones had made a fiasco of the campaign of 1884 — no more practical business men were wanted. The one man the Association did want was Senator Quay of Pennsylvania. But Mr. Quay had a record behind him that he was none too anxious to have aired, and he did not want the work. The Iron and Steel Association, however, had determined that he must serve, and in July, a few days before the National Committee met, James M. Swank, who had been secretary of the Association since 1873 and its general manager since 1885, a position he still holds, and who for many years has managed every tariff campaign in which his Association has been interested, took matters into his own hands and telegraphed General Harrison's managers that it was Senator Quay alone who would meet the approval of the financial interests of the East. Without his knowledge Senator Quay was appointed. He had not been in favor of Harrison's nomination, had only consented to it when he found John Sherman, his own candidate, could not be named, and even then not until he had assurances from Indianapolis that Pennsylvania should have a seat in the cabinet. Nominated by the committee, he finally accepted. The first person Mr. Quay consulted was John Wanamaker (who afterwards received the seat in the cabinet which Mr. Harrison had promised Pennsylvania), who saw to the funds. As to Mr. Quay, he saw to using them to oil and fire the remarkable campaign he set in force — a campaign for protection backed by the protected. The highest Republican political authorities have declared repeatedly that only Quay could have won the campaign of 1888.

It is doubtful if there has ever been a political campaign in the United States where the appeal for money was so frank —

the acknowledgment that success depended upon it so open. For several years the party had been relying more and more on the use of money and had also been less and less nice about how it used it. It was an open secret that Indiana had been carried in 1880 by the "bright new crisp two-dollar bills" of Stephen W. Dorsey, secretary of the National Republican Executive Committee. The dominant faction of the party seemed indeed to think Dorsey's work nothing more than a clever trick; no less a person than General Arthur, soon to be inaugurated as Vice-President of the United States, boasting of it at a dinner at Delmonico's in February, 1881, said, "Indiana was really, I suppose, a Democratic state. It had been put down in the books always as a state that might be carried by close and perfect organization and a great deal of —" General Arthur hesitated, while everybody laughed. "I see the reporters are present," he continued; "therefore I will simply say that everybody showed a great deal of interest in the occasion and distributed tracts and political documents all through the state."

The struggle for money in 1884 had been almost pathetic. Mr. Jones had of course the richest group in the country to draw from — the iron and steel manufacturers, and he gave liberally himself, — $87,000, it was reported at the time. He did not get enough, and a few days before the election, October 29, a dinner was given in New York for the express purpose of raising funds: a millionnaires' dinner, at which were represented all the various "special interests" of the day, not tariff interests alone, but the railroads, the Standard Oil Company, monopolies and privileges generally. Large sums of money were pledged at this "Belshazzar's Feast," as the newspapers dubbed it. Who gave, and how much, were of course not recorded. David Wells said that he had it on the best authority that Jay Gould and John Wanamaker each

contributed $100,000, but what his authority was the author does not know. Campaign contributions were not in as bad order in 1884 as they are to-day, but there was still a certain sense that contributions of $100,000 to campaign expenses, made on the eve of an election, were suspicious, and there is no doubt that the "monopoly dinner" helped defeat Blaine.

Another practice carried to the scandal point in the campaign of '84 was that of extracting contributions from government officials. In Indiana a political manager informed the Federal employees that a list of the names and amounts given by each person would be carefully made out and the same reported to the National Committee, and a list would also be made of all persons who did not contribute. Quarters were set up in Washington purposely to work the government employees. In 1888 these proceedings were not repeated by the Republicans, and rumor that the Democrats in Chicago were attempting them caused a violent discussion in Congress.

The money precedent was well established then in the party and in 1888 the managers began as early as May, before the Convention nominated Harrison, to gather it in. The Mills Bill, with its free list, ad valorem duties, and reduced schedules, was still in debate, and naturally the money-getters appealed to the protected. James P. Foster, President of the Republican League of the United States sounded the slogan for the campaign in a letter which stated with amazing frankness the feeling the Republicans themselves had about who was getting the benefit of the "bulwark of prosperity." It was the manufacturers, particularly the manufacturers of Pennsylvania, who being the most highly protected, ought to be "put over the fire and all the fat fried out of them." Throughout his campaign Mr. Foster kept up this cry for "fat." An-

other organization as active in money raising as Mr. Foster's Republican League was the Tariff League founded in 1884 by Robert Porter, one of the members of the Tariff Commission of 1883. This League took itself with great seriousness and taught the doctrine pure and undefiled without qualification or hesitation. It divided none of the glory of prosperity with the energy and the thrift or the natural resources of the country. We were what we were because of protection and protection alone. The officers of the League undoubtedly believed in what they said, and they raised money as men would to spread the Gospel.

It was impossible that money raised from men interested as beneficiaries of protection were, should be all used without scandal. The one implies the other. Perhaps the most notorious incident of misused funds occurred in General Harrison's own state.

But quite apart from the corruption which went on, a great debate characterized the campaign, — a debate which followed the line of the House arguments on the Mills Bill, of the Senate's on the Allison Bill. The speeches in the two Houses were indeed campaign speeches, addresses not to a deliberating body, but to a balloting constituency. The Democrats depended mainly on the cry of excessive taxation. Their platform had rung the changes on the word until it almost lost its effect from over-repetition. The Republicans seized the opening and answered them with jeers. In New York City they even carried parrots in their processions taught to cry "tariff is a tax." The high prices of certain necessities like woollen garments due to the tariff was another effective Democratic argument. General Harrison dismissed it lightly. "I have an impression," he said, "that some things may be too cheap" "cheap coats involve cheap men." There could have been no better epigram for those bent on keeping up prices.

Argue as the Democrats would that the man who had to pay $20.00 here for a suit that would cost him but $10.00 abroad, would be better off if he could put his extra money to other uses, the Republicans could cry "But without the tariff he would have no twenty dollars, he would have no ten, for he would have no work!" The fallacy that there would be nothing to do in the country if protection did not enable men to manufacture was insisted on continually. Moreover, the Republicans would not admit what was, and still is, true, that the great body of wages in protected industries is less than in the unprotected. The trusts figured repeatedly in the attack on the Republican position, only to be waved aside, as by Mr. Blaine. "Trusts," he declared, "are state issues," "they have no place in a national campaign."

The Republicans were not without good ammunition. The Democratic revision was full of inconsistencies as any revision made as ours are, is bound to be. It did show geographic bias. Moreover, the Democratic position had the disadvantage of being an attempt to meet a condition and one not of their making. They might be free traders as a few of them were; they might be tariff-for-revenue-only men, as most of them were, but when it came to making a tariff bill they felt themselves obliged to fix duties not only with revenue and reform in mind, but with protection as well. The Republicans could taunt them with inconsistency and cowardice and describe their revenue duties as disguised protection to their own friends. And in the same breath that they accused them of protecting their friends they anathematized them as "free-traders," friends of England, enemies of their own countrymen.

The Republicans won the election, though not overwhelmingly. As a matter of fact, Grover Cleveland had a majority of 100,000 of the popular vote. It was not the tariff which

gave them the victory. Their victory would have been a defeat if it had not been for the Democratic split which gave them New York, and the return to their fold of a certain Mugwump Republican element which had revolted in 1884 and now came back because dissatisfied with Mr. Cleveland's civil service work.

CHAPTER VIII

THE McKINLEY BILL

THERE has not been a presidential election in our time when the tariff positions of the two great parties were as perfectly defined as in 1888. Each had a bill practically complete to offer the country. The Republicans had elected a president and the majority of the House of Representatives. It was natural that they should now demand that their bill be at once adopted. Although the Allison Bill had been practically finished before the election, it had not been sent to the House, because it was claimed that the Democrats were malicious enough and Mr. Cleveland clever enough to pass it in order to have a completed reform to go to the country on. The Senate bill being what we have seen, and Mr. Carlisle and Mr. Mills being the leaders of the House, such action was of course unthinkable, but it was an excuse as good as another for not sending in the bill, and no doubt was accepted by the devout.

As soon as Congress met in December the Allison Bill was taken up, again compared with the Mills Bill, and finally on January 22 passed as an amendment to the latter. In sending the bill over to the House the Senate suggested that it be referred to a Conference Committee of the two Houses. This was to avoid the objection the Democrats were sure to raise, that the Allison Bill was a violation of the Constitutional provision that all revenue measures must originate with the House. Mr. Reed and Mr. McKinley both urged the Conference. To Mr. Reed it was an absurdity that the rules in

force could prevent prompt action. At least if the Democrats did refuse to allow a conference on the bill, he wanted to make sure that the country understood that it was not the Republicans who were delaying action in the all-important matter of reducing the revenue; it was the Democrats, the very gentlemen who had so long and so loudly urged the necessity of action!

Mr. McKinley's proposition sounded reasonable. "The House," he said, "has given to the country one bill framed upon one principle and based upon the line of party policy with which the majority is in accord. The Senate has given to the country another bill resting upon an entirely different principle and following out an entirely different line of public and party policy. The Senate has asked the House to consent to a committee of conference to consider the disagreement so presented, that they may see if in some manner this great difference between the two Houses cannot be reconciled.

"Now, what do we want to do as practical men? What does the country expect of us? We want to reduce the public revenues and we can reduce them without my friend from Texas being called upon to surrender one jot of his free-trade principles or this side surrendering one jot of its protection principles. If the House of Representatives meets the Senate in free and open conference and those provisions are adopted where the two bills meet on common ground, we can reduce the revenues from thirty-five to forty millions of dollars and still preserve for future settlement the general policy of taxation respectively adhered to by the two parties.

"All we have to do, Mr. Speaker, is to take up these two bills and look at the duties and changes in rates which are common to both. First, the abolition of the tax upon tobacco — $30,000,000; that is common to both bills. Then you take the free list; that is common to both bills. Then you

take the administrative features of both bills. Both seek the same purpose; both look to an honest collection of the revenue and an honest administration of the customs laws.

"This administrative bill has nothing to do with politics; it has nothing to do with free trade; it has nothing to do with protection; it has nothing to do with party principles or policies. It is above politics and should be divorced from party. But it has everything to do with an honest administration of the customs laws, whether they are based upon the principle of protection or upon the principle of free trade.

"Now, why not, as practical men, seeking to relieve the Treasury of the United States of its congestion, as described by the President of the United States, meet this condition and relieve the Treasury of its accumulating surplus and leave this vast sum of money with the people, where it belongs? 'It is not a theory; it is a condition.' Shall we run away from the condition which we can in part relieve, or waste our valuable time now upon theory?"

The answers of Mr. Mills and his supporters to these arguments were as indignant as to be expected. "Mr. Speaker," said Mr. Mills, "we have sent to the Senate a bill to reduce taxation. They had originated in that Chamber, or were preparing before we sent this bill to them, in defiance of the Constitution, a bill increasing taxation on the people of this country, an act which they were prohibited by the great charter of our fathers from doing. They have sent that bill so prepared here in defiance of the rules of this House, and it is now proposed that we accept their invitation to appoint a committee of conference and pass this extraordinary measure, and that, too, at a time when the coffers of this Government are loaded with the excess of revenue, at a time when the people of this country are groaning with unnecessary taxation; a bill to reduce the revenues by destroying the

commerce of the country and increasing the load of taxation upon the people for private purposes."

Mr. McMillan was equally severe: "The gentleman from Ohio (Mr. McKinley) has not even pretended that this Senate bill is an 'amendment' to the House bill. He could not. He is too intelligent to believe it and too candid to assert it. It is, as he describes it, an entirely different bill; a distinct proposition framed on a different 'theory.' As a matter of fact, the Senate does not assume to amend the House bill. The Senate struck out every section of our bill or threw it aside and framed one of their own. In doing so they violated the Constitution, and they now ask us to meet them in conference and concur in this demolition.

"What I want to know of the members of this House is, are you ready to do this in the face of that declaration of the gentleman from Ohio that this is a different and new bill? Have you so far degenerated from those principles that your sires held of adherence to the Constitution as to be willing at the request of the gentleman from Ohio to give up the people's right to frame a bill in accordance with the people's principles, and give it over to the Senate, not elected by the people directly, but by the states? Others may do as they please, but for me, I will never, never consent to such a cowardly and ignoble degradation of the rights of the people and the privileges of the House."

The Allison Bill went to the Ways and Means Committee and that was the last of it under the name of the gentleman who had led in its making.

It was not until a year after its election that the new House got a chance at the tariff. In his first message to Congress President Harrison had recommended a revision of both the schedules and the administrative features of the tariff. He feared, he said, that some disturbance of business might result

from the consideration of the subject, but he was certain that this would be reduced to the minimum by "the assurance which the country already enjoys that any necessary changes will be so made as not to impair the just and reasonable protection of our home industries."

The new organization of the House and of the Ways and Means Committee was admirably adapted to put through a bill satisfactory to the dominant faction of the party — also a bill in which the manufacturer would get what he asked. The chairman of the Committee was no longer William Kelley. Mr. Kelley was in his last illness and the man who for nearly six years had been his chief lieutenant had taken his place. This was William McKinley of Ohio. In 1883, it will be remembered, Mr. Kelley thought he had found his successor in William D. Haskell of Kansas. Mr. Haskell had shown unusual ability both as a parliamentarian and a debater, but the work of the session had been too much for him. He did not recuperate from the strain through the summer, and twelve days after Congress opened in December, he died in Washington. Kelley wept like a child when he heard of Haskell's death. "Why could not I have gone in his place," he said; "my work is nearly done, his was only begun." But Kelley was not alone. Close to Haskell throughout the winter of 1882–1883 had been another young protectionist, one in whom Kelley had great and affectionate confidence. This was William McKinley. Indeed, it had been uncertain at the beginning of the movement for tariff reform in 1880, whether Haskell or McKinley would become Kelley's first lieutenant. The former had won by his superior energy and superior intellect and it is altogether probable that he would have kept his place if he had lived. At his death McKinley naturally succeeded him. At that time he was about forty-five years old. He had been in Congress since 1876, and from the first the

tariff had been his chief interest. His amiability, his earnestness, his almost devout attitude towards the dogma of protection, endeared him greatly to Kelley, and by the time the debate on the Mills Bill came on he was firmly in place. His speeches in that debate and the campaign which followed were among the most popular made. McKinley had an advantage at that time which few of his colleagues enjoyed,—that of believing with childlike faith that all he claimed for protection was true. Moreover, he had no tariff reform record behind him as the best of them had; no speech like Allison's of March, 1870, could be thrown up at him. Moreover, McKinley was one of those amiable persons who likes to agree with everybody, and even when President, rarely sent away a visitor without making him feel that they agreed more than they differed. He was friendly with many of the Democrats, particularly Colonel Mills, and often consulted him at vexing points. Believing, as McKinley did, in the infallibility of protection, there could not be too much of it; he could with clear conscience give all that the manufacturer asked, and then add a little, confident that he was really fostering prosperity.

But at this particular moment it needed something more than an ardent and amiable chairman to put through the House of Representatives such a bill as it was obvious would be reported. There was a majority of but twenty-one, and with the rules as they were, almost endless obstruction was possible. The probability was, too, that the Democrats would see that all the obstruction possible was applied. The speaker the Republicans had chosen could be counted to take care of this situation. This was Thomas B. Reed of Maine. Mr. Reed was, like McKinley, a protectionist, but he never regarded the dogma as inspired. His well-developed humor, his cynicism, and his large practical sense all helped him to

view it for about what it was worth. But that made him no less strenuous a supporter. Indeed, it made him a more adroit and effective one. You could tell beforehand about what phraseology Kelley or McKinley would offer in defence of a schedule. Reed could be counted on for the unexpected. He had no patience with delaying the tariff bill. He believed in doing what the majority wanted done, — when he agreed with the majority, — and he laid down at the start in defiance of precedent a set of orders which enabled him to force rapid action.

When Mr. McKinley called the Committee on Ways and Means, it had before it two bills carefully prepared by members of his own party, providing for what President Harrison had pointed out in his message should be done. These were Mr. Allison's Customs Administrative Bill, which after passing the Senate had been referred to the Committee nearly two years earlier (March, 1888), and the same Senator's Tariff bill which in January of 1889 had been referred to the House as an amendment to the Mills Bill. Both of these measures were thoroughly familiar to Congress and the country. McKinley seems to have had the idea at first of making a tariff bill which would include administration as well as duties, but Colonel Tichenor, who had been appointed Assistant Secretary of the Treasury in charge of customs and internal revenue, urged so hard for immediate action on the Administrative Bill that McKinley finally introduced it separately and it was promptly passed and signed by the President. This is practically the law under which our customs are still administered. It is usually credited to Mr. McKinley, but with its framing he had, as we have seen, very little to do.

Hearings on the tariff were at once begun. They perhaps were never less justifiable. The Committee had as a guide a great mass of recent testimony which further hearings could

do little more than duplicate. But Mr. McKinley took the whole matter too devoutly to omit any of the ceremony. Hearings were a good Republican tradition, and hearings he would have. His was to be no "Dark Lantern bill," as the opposition delighted in calling the Mills Bill.

The Allison Bill was accepted as a foundation by Mr. McKinley for the new measure which was first reported on April 16. In reporting the bill Mr. McKinley gave notice that general debate would be limited to four days. "I have interpreted the victory to mean, and the majority in the House and Senate to mean," he said, "that a revision of the tariff was not only demanded by the votes of the people but that such revision should be on the line and in full recognition of the principle and purposes of protection. The people have spoken and want their will registered and their decrees embodied in public legislation."

Mr. Mills and his colleagues were eloquent in their remonstrances against the limit on the debate, but the program was in too firm hands to be modified by arguments or tactics. The bill passed the House on May 21. The Senate Committee on Finance added hundreds of amendments to it, and the Senate spent some seven weeks debating it. On the 10th of September it passed the upper House and was referred to a Conference Committee. Both Houses agreed to the report of this Committee, and the President signed the bill and it became a law on October 1, 1890.

The matter of first moment in the new bill was of course the method taken for reducing the surplus, which had been piling up in an alarming fashion throughout the three years' struggle. When Mr. Cleveland made his demand in 1887 for general tariff reduction in order to bring this overtaxation down to a normal figure, the Republicans had offered as a counter proposition — "spend it." Mr. Blaine started the

cry in his letter from Paris suggesting one of the most dubious schemes for handling revenues ever proposed by an American public man of any weight. It was to appropriate the whiskey tax (the internal revenue tax on distilled spirits amounted in 1888 to over $69,000,000) to coast fortifications. If there was something over after this was done and the National government had no use for the money, he would divide it among the Federal Union, with the specific object of lightening the tax on real estate. Mr. Blaine evidently had forgotten for the moment that the Constitution in defining the taxing powers of Congress does not include that of "lightening the tax on real estate."

There had been various other plans offered. Mr. Aldrich would apply the surplus to the purchase of United States bonds, or as a prepayment of interest on the National debt. One Congressman wanted it applied in bounties to wheat-growers, another wished it loaned, another would devote it to building the Ead's ship railway, several proposed using it in elaborate educational schemes. The general consent that the best way to get rid of it was to spend it, of course made Congress reckless in appropriations, particularly of pensions. They jumped from $87,500,000 to about $107,000,000 in Harrison's first year, and in his fourth year, they had risen to $159,000,000. But spending it was not enough. The taxes must come down some $60,000,000 a year and the Republican suggestion had been, "cut down the internal revenue." The Republican platform declared, "We favor the entire repeal of internal taxes rather than the surrender of any part of our protective system." Mr. Allison and his committee considered many suggestions for the repeal of all internal revenue taxes but stopped after taking them off tobacco. Mr. McKinley announced that he had not been compelled to abolish the internal revenue though he was ready to do so if it was

necessary to save the protective system. He estimated that the taxes on tobacco and alcohol used in the arts, which his bill did abolish, would amount to $10,000,000. The other $50,000,000 of reductions he proposed to meet in two ways. The first was by so increasing duties that importations would fall off, *i.e.* Mr. McKinley accepted the principle of Mr. Kelley and Mr. Aldrich that the way to reduce revenue from customs is to make foreign goods which might compete with domestic products too dear to buy. When the Democrats attacked his increase with the assertion that he would increase taxation and so revenue, he answered: "That statement is entirely misleading. It can only be accepted upon the assumption that the importation of the present year under this bill, if it becomes a law, will be equal to the importations of like articles under the existing law; and there is not a member of the Committee of Ways and Means, there is not a member of the minority of that Committee, there is not a member of the House on either side, who does not know that the very instant that you have increased the duties to a fair protective point, putting them above the highest revenue point, that very instant you diminish importations and to that extent diminish the revenue."

The chief articles which he hoped to make too dear to import were woollens and higher grade cottons, cotton knit goods, stockings, linens, and all iron and steel and metal products, the articles, it will be noted, which are essential to everybody. It was not necessary to raise the rates on all these products to make them too dear to import. Not a few rates then in force could be lowered and still be prohibitive. Thus in the case of structural steel and steel rails, the McKinley bill reduced the existing rate slightly without in the least disturbing the situation.

Mr. McKinley's pet duty in the metal schedule, and indeed

in the bill, was that on tin plate. There had been a duty of a cent a pound on tin plate for some years and throughout much of this period there had been a steady pressure to raise it to 2½ or 2½ cents. In the early '70's there had been a little tin plate manufactured in the country. The price at the time had been abnormally high on account of the Franco-Prussian War and the premium on gold. When things dropped back to normal, the industry lagged. But the would-be manufacturers — and many makers of iron plates naturally wanted to turn them into tin plates — for ten years at least had kept up an agitation. The tariff commission of '82, through Commissioner Oliver's influence probably, had advised 2½ cents, but Congress refused to raise the duty in the Bill of 1883. The Tin Plate Association and the Iron and Steel Association continued their work. An increased duty on tin plate became, in a way, in the '80's, a test of a Republican's soundness in the minds of the big interest which had put themselves behind the party. If he hesitated, recalled that we had developed no tin mines, that inevitably the price would be higher for a long term, that such a duty would be a blow to an industry many times greater than tin plate could ever be, — that of canning, — that the burden would fall directly on the poor, they being the chief consumers of tin buckets, and cups, of canned fish, meat, and vegetables — the answer was the answer of "Pig Iron" Kelley! — "In God's name do not let the gentleman lead us to declare that the people of this country shall never manufacture tin plate!"

With the Iron and Steel Association taking the important place it did in the campaign of 1888, it was of course inevitable that the Allison Bill should recognize its demand for an advance on tin plate. Mr. McKinley found the duty then in the bill he inherited and Mr. Allison, who believed sincerely that the tariff on tin plate had justified itself, was sore to the day

of his death because Mr. McKinley never credited it to the Allison Bill. It is doubtful if an important duty was ever laid on facts so distorted and in answer to pressure so questionable. The chief advocate was the American Tin Plate Association. Their circulars went out broadcast as appeals to patriotism. "If this little circular should fall into the hands of a patriotic lady or gentleman," wrote the Secretary in a circular which was printed in 1888, "we ask that you kindly give this matter some study; it is a patriotic feeling and nothing else that instigates the members of this association." The patriotic lady or gentleman who had given the circular study would have found it started with a statement so absurd that he would have only continued because of the amusement he might get from it. According to this circular we consumed about $35,000,000 worth of tin plate a year (the figure was greatly exaggerated), and "if it were made in this country several hundred thousand residents of the United States would gain a livelihood thereby." If the value of the tin plate consumed were $35,000,000 and the sum was divided into one-third for materials and two-thirds for wages and the "several hundred thousands" were reckoned as 300,000, their annual wages would have been about $78.00 a year!

Mr. McKinley saw a wonderful future for the industry — 23,000 men employed directly in the business (in 1900 there were 4000; in 1905, 5000), $30,000,000 of capital invested (in 1905 it was $10,000,000). He did not seem to think there was any impropriety in a part of the capital ready to go into tin plate making, being that of a member of the House long a supporter of the duty, F. G. Niedringhaus, of Missouri. This gentleman wrote on November 27 a letter read in Congress by Mr. McKinley, saying one of his mills had been arranged for tin plate work and in case of a "proper duty," he

could turn out tin plate on short order, and "if the fact as I believe it to be can be generally established in the minds of the people, *that the Republicans will continue to govern this country in the future*, there will be plenty of money forthcoming to embark in the manufacture of tin and terne plate."

The violent attack upon this duty and the very plausible reasons for believing that the industry could never be self-supporting, led to the adopting of an ingenious provision, limiting the time that manufacturers might have to establish the business. Tin plate was to be admitted free of duty after October 1, 1897, unless in some one of the years between 1891 (when the duty was to go into effect) and 1897, one-third as much tin plate was produced here as was imported in any one of the other six years. This clever device originated with Senator Spooner of Wisconsin.

The Tin Plate and Iron and Steel Associations practically wrote their own schedules in the McKinley Bill. The wool growers and woollen manufacturers did the same. A series of poor years in wool occurred in the '80's. There were legitimate causes outside of the tariff for the depression, but a large and influential part of the industry believed or professed to believe the trouble to come solely from reductions in duties made in 1883. These reductions had disturbed the "harmony" in wool which they claimed the growers and manufacturers had established in 1867, and which they now loudly affirmed must be restored if the two branches of the industry were again to be prosperous. There were long petitions presented by manufacturers asking for free wool, arguing that the industry could never hope to compete until it was on an equal footing with other nations in the matter of raw materials; but this point of view was not supported by the National Association of Wool Manufacturers, which by this time had become one of the most powerful political organizations in American

industry. It held that the manufacturer must support the duty on wool if he did not wish to set the growers against the duty on woollens. It had been established in 1867 "almost as economic law," Mr. Whitman, the president of the organization claimed, that the wool grower was to have his duty, and that the wool manufacturer was to be given two kinds of duties, one which would compensate him fully for the tariffs on his raw materials, not only wool but dyestuffs, and that after that, he was to have the same measure of protection that other industries received. Mr. Whitman claimed that the lowering of the compensating duty in 1883 had particularly disturbed the "economic law." As we have seen, this duty had been dropped from 50 to 35 cents. In making this drop the Committee had decided that it was a mistake to count 4 pounds of grease wool to one pound of cloth as had been done in 1867, since 4 pounds were rarely used. It had said that 3½ pounds was a generous allowance — as it was. Mr. Whitman remonstrated against this decreased compensation. He wanted the duty based on the 4 pounds and he wanted other upward revisions. The program proposed by the Association was practically adopted. It contained one curious provision new to the wool schedule and important in the later history of the tariff; that was a duty on tops and all wools and hair advanced beyond a washed condition. Tops are wool in one of the early stages on the way to yarn. Mr. Whitman, asked how the cost of making tops compared with that of making yarn, said it was about one-half. In the same examination Mr. Whitman also said the principle which he wished applied in the fixing of the duties was that there should be a higher duty on cloth than yarn, on clothing than cloth, and he suggested that the relative per cent of the three should be 40 per cent for yarn, 50 per cent for cloth, and 60 per cent for clothing. As to tops, which could be made according

to Mr. Whitman at one-half the expense of yarn, he suggested for them a duty *not* lower, as one would expect from the "principle" he had himself laid down, nor indeed did he fix a direct duty. Mr. Whitman suggested that the rate on tops be that fixed for the basket or catch-all clause of the schedule. Turning to that clause we find it to be not *less* than the rate on yarn, but considerably *more*. The suggestion was embodied in the McKinley Bill apparently without anybody except Mr. Whitman understanding its motive. Other suggestions of the manufacturers were also adopted, resulting in increased protection on those classes of goods where there was any amount of importation. Generally speaking, the efforts of the manufacturers was to secure advances in both the wool and cotton schedules where competition still persisted.

The wool growers were equally successful. The duties were raised on the various classes of wool. Moreover, the duty on shoddy, mungo, and wool wastes which had been low were raised so high that importation became impossible. This change was made on the imperative demand of the Ohio "Wool Trinity," who declared these substances were taking the place of pure wool and so injuring the wool-grower. The same argument was largely responsible for an increased duty on carpet wool. We grow no carpet wool in this country and probably can never afford to do so, our land and labor being too valuable. The wool-growers contended, however, that the manufacturer was using carpet wool in making cloth and that they must be protected against this injustice. It is probable that considerable carpet wool does find its way into some grades of cloth, but not enough to have any effect on domestic wool production.

The largest lump of reduction provided for in the new bill came by making raw sugar free and by reducing the duty on refined sugar to one-half a cent a pound. The revenue from

sugar was so great, about $55,000,000 annually in this period, that the schedule had been a favorite point of attack for years, when reduction was necessary. There were two difficulties in the way of the Republican protectionist in reducing the duty on raw sugar. The American sugar cane and American sugar beet growers under the high duty which they had been enjoying had come in 1890 to produce about one-seventh of the sugar we used. This amounted to something like 220,000 tons. Of this amount only a little over 3000 tons were made from beets and sorghum. Small as was the amount, the beet and sorghum advocates were as insistent in their demands for protection as the tin plate people. The Kansas (sorghum) and California (beet sugar) Congressmen were certain that, properly protected, these states would produce great quantities of sugar, and it is pretty certain that they were ready to fight the tin plate, wool, cotton, or any other duty if their demands were not granted. Take care of them and they would soon grow all the sugar the United States could eat, they said. Their product, small as it was, caused high protectionists like Kelley, Haskell, and McKinley to rejoice. It was proof of what they claimed — protection did diversify industry, and Kelley, at least, always carried in his pocket a sample of beet sugar raised in this country to show to the doubting. At the same time even Kelley and McKinley found it hard to defend a tax of $55,000,000 a year, to protect an industry which after a century's experience had been able to supply no more than one-seventh of our wants. The sugar bill was really staggering when it came to be counted up for the century as one advocate of free sugar did; he estimated we had paid $1,400,000,000 in the period. To cut down this tax and at the same time to satisfy the growers, Mr. McKinley proposed that raw sugar should be free and that the sugar growers should receive a bounty. The idea did

not originate with his committee. It had been a provision of the Allison Bill to which Mr. Allison confessed he came slowly, but which he had consented to try "as an experiment." It had been a hobby of various members for years. John Sherman had long believed in sugar bounties and had often advocated them. In 1888 Joseph Cannon of Illinois had proposed a bill providing for free sugar and bounties for growers. There were many Republicans who baulked at the idea, declaring it unconstitutional. They might not object to an indirect tax like a custom duty, being so applied as to subsidize the man's business, but when it came to appropriating undisguisedly to this purpose funds raised by taxation they could not consent. It was a case of a distinction without a difference, however, and as they became familiar with the idea the scruples of many of them, enough of them at least, to pass the bill, seem to have disappeared.

The bounty provision gave a fine opportunity to Mr. Mills. According to his way of thinking it was a "bribe," an "extortion," a violation of the Constitution, and where might it not lead? Why should not everybody have it? Why should not the "people who are raising corn, cotton, wheat, oats, hogs, and beeves, all slip up the counter and say 'we will take sugar in ours, too.'" It is difficult to believe that the sugar bounty could have survived a test before the Supreme Court. The Constitution is quite clear in the definition of the taxing powers it gives to Congress. It is for the "general welfare." If this means anything, it means that the tax shall be for a public purpose; or, as Richard Olney has defined it, "It is the power to raise money from the public for the public." No stretch of the Constitution could include in this definition the power of raising money to help a few farmers raise sugar beets and sorghum, any more than it could to pension an artist while he learned to paint.

The duty fixed on refined sugar in the McKinley Bill was intended as an attack on the monopolistic powers of the so-called "Sugar Trust." The official name of the sugar trust in 1890 was the Sugar Refineries Company. It had been formed in 1887, but the operations of the leading concerns which organized it had long been a scandal. In those years, as now, these beneficiaries of the nation's tariff policy had worked in every conceivable way to avoid paying the duty on their imported raw sugar. False weighing, under-classification, over rebate duties for drawbacks on exports, adulterations, were methods they practised boldly and repeatedly in the '70's and '80's in their effort to cheat the government. The sugar schedule had lent itself admirably to the manipulation. The aim of the trust was, of course, to keep out all sugar which was eatable, *i.e.* they aimed to supply the country. Now the line between refined and unrefined sugar is difficult to draw strictly. There are high grade clean raw sugars, and partially refined sugars which may be used without further treatment. These sugars are of course cheap and bought by the poor. The refiners aim to keep the duty on this class of sugars, known in the schedule as Nos. 13 to 16, Dutch Standard (the Dutch Standard is a color test) so high that it will not pay to put them on the market. In the bill of 1883 they had succeeded in doing this. The sugar refiners had not only manipulated the duty on this class of sugar until it was too dear to eat, but they had practised some of their most successful frauds in this region of the sugar schedule. A sample of their operations had been presented to the Senate only a short time before by Secretary Fairchild. It related to a cargo of sugar brought into San Francisco by the American Sugar Refinery (the Spreckles concern). In this case the enterprising importers caused the sugar to be artificially colored in order to reduce the grade below No. 13, Dutch

Standard. They had also caused it to be invoiced at 88 degrees, but its actual strength was found to be from 96 to 98 degrees. The attempted fraud made a difference of $61,000 in the duty. The American Sugar Refinery was caught in this instance, but there is no doubt that tricks of this sort had been frequently successful. To take away the duty on these grades then would not only serve the poor, but it would also go far towards breaking up the monopoly. The independent refiners themselves had in the recent hearings advised this. "The remedy for the monopoly in sugar is in your hands absolutely," one of the independents told the Ways and Means Committee; "that is by putting just so much duty and no more on refined sugar, that if we undertake to get more profit than we ought, England, Germany, and France can send in their refined sugars. The remedy is entirely with you and we expect you to apply it."

The way in which Mr. McKinley proposed to reach the abuses was to make all sugar below No. 16, Dutch Standard free. Here again the provision was not original. It had been in the first drafts of both the Mills and Allison Bills, but had been so strenuously fought by the sugar interests that it had been dropped in both cases. When this provision of the McKinley Bill reached the Senate it met the opposition of the same gentleman who had been most influential in raising the rates in the Allison Bill, Nelson W. Aldrich. Mr. Aldrich moved that Nos. 13 to 16 be made dutiable. Senators Sherman and Allison both fought him, but Aldrich carried the day. His power at that time, however, was not great enough to rule the conference to which the bill was finally submitted, and the original House arrangement was adopted and became the law.

There was no industrial development related to the tariff which gave the Republicans deeper concern at this period

than the trusts. Mr. Cleveland in his message of 1887 had called attention to the aid a high duty gave to combinations struggling for the entire control of a commodity, and the country could not but see that he was right. There was a type of protectionist who refused to admit the connection. According to Mr. Kelley and Mr. Aldrich there could be no monopoly in a protected article. Domestic competition would prevent it. Nevertheless the trusts multiplied and the majority of them were in highly protected industries. Moreover, it was obvious that if there was no duty, the industry would have to sustain a competition which would make monopoly very difficult if not impossible. It was not the Democrats alone who saw this. Senator Sherman, who felt particular anxiety over the question, which he realized might easily defeat the party if it were not settled, thought and said frequently before 1889 that the trust could only be reached through the revenue laws. He had been ready to take all duty from refined sugar in order to destroy the sugar trust, but the majority of his party did not agree with him. They hesitated at admitting a connection between anything so unpopular as a trust and anything so sacred and infallible as protection. An effort was made to dismiss the troublesome phenomenon as of no consequence. Mr. Blaine tried this. "Trusts," he said, "were state issues." "They have no place in a national campaign." In mentioning them he would put in the proviso, "*If* they are evils," etc. But this was no more effective than the similar attempt to make people believe that the surplus was a good thing, a proof of prosperity. The unrest increased rather than diminished, and numerous bills were introduced into Congress between 1887 and 1890, aimed at defining, regulating, or suppressing combinations. Bills to tax, to take the tariff from, to investigate and to forbid trusts, pepper the proceedings. Among these bills was a

measure of Senator Sherman's making a combination in restraint of trade a crime punishable by fine or imprisonment. This was first introduced in 1888. It was repeatedly discussed and amended, and now that the tariff revision was on, it was felt that it should be passed. The Democrats did not hesitate to declare that the Republicans' sudden zeal for the bill was due to their desire to have an answer for those who might criticise their tariff bill as a trust-breeder. At all events, the measure was passed ahead of the tariff bill. Thus an answer was ready for the critics. As Senator Morgan said, "The bill was a good preface to an argument upon the protective tariff."

More difficult to meet than any other criticism on high protection had always been the fact of the burden it put upon the farmer. Practically everything he had to buy was made dearer by the import duties. His domestic market was undoubtedly enlarged by the stimulus the tariff gave to manufacturers. There were more buyers at home for his products, but they paid the prices of the open-world market. There was no protection for his corn or wheat or barley or potatoes, nor was it generally of an advantage to him that there should be. He was the great exporter of the United States. He produced more than we could consume, and sold abroad. His prices were generally not made here but in the London market. In the cases where we did import agricultural products, high duties had not been levied for the good reason that they would make the necessities of life dearer. It would be a tax on food, and there had always been a reluctance to imposing that. If we did not raise potatoes enough for our people and must import, should we penalize the consumer because the farmer had failed to take advantage of the market at his door? Should we penalize him for the crop failure which might occur at any time? But, argued the protectionist of 1890, we are

buying too much food abroad. What are we building up the home market for unless that it may supply all its needs from the home farmer, and it is not doing so. In 1889, said Mr. McKinley, we bought $256,000,000 worth of agricultural products abroad. This should be stopped. It was unjust to the farmer. When the figures Mr. McKinley quoted are analyzed they are less impressive, for upward of $200,000,000 of the importations were sugar, tea, coffee, and articles which we did not produce or in very small quantities, *i.e.* they were articles which the American farmer as well as factory hand must import if he uses them at all. This fact was slurred over in the argument. We were buying $256,000,000 worth of agricultural products abroad. The domestic market was not doing its duty by the farmer; that duty was to supply all its needs at home. The only reason it was not doing this was because there was too low a duty on the farmer's products. The factory hands must be forced to buy home-grown potatoes, eggs, and meats. It was as logical, of course, to force the public at large to eat only home-grown food as it was to force the farmer to buy only home-made iron and steel. So in the interests of the farmer the McKinley bill for the first time in our tariff history taxed food generally and heavily. Eggs which had been free, 5 cents a dozen; potatoes, 25 cents a bushel; bacon, 5 cents a pound; barley, 30 cents a bushel. With this program the Republicans hoped to quiet the farmer's discontent.

It was a political manœuvre pure and simple. No tariffs can protect the farmer's products save locally and sporadically. His is the basic world industry. The inhabitants of the earth, *all* the earth, not a corner of it, are his market. The most imperious cry of men, that for food, calls him. Laws as all-powerful as gravitation govern him. Petty and temporary interferences like tariffs may hinder his labors for

a season, but the word of the Almighty is his guarantee that the little schemes of men to keep the fulness of the earth from its creatures are bound to end in confusion. Already the farmers had striking proof that the radical interference with the laws of supply and demand, which had been forced upon the country by the Civil War and which had been kept alive since by a combination of greed, superstition, politics, and loose thinking, were telling on his industry. The entire agricultural production of 1890 was worth only about ten per cent more than that of 1890, but the population had increased some twenty-five per cent. That which had been repeatedly prophesied had happened. The privileges granted to manufacturers had enticed capital from the farms and men from the soil. It was natural that this should be so. Effort will go where the way is made easiest and the results are quickest. There was sound reason in the charge of the free trader. You have ruined our commerce on the high seas, now you are injuring our agriculture.

Moreover, nations will not buy freely of nations that close their doors. The country was beginning to feel this fact. We were antagonizing the foreign market. The member of the Harrison Administration who saw this fact most clearly was James G. Blaine, Secretary of State. Mr. Blaine had been guilty of some curious quakery in the campaign for tariff reform, which Mr. Cleveland had forced. His treatment of the surplus and the trust in their relation to the tariff had been superficial. But to the question of our foreign trade he had given serious thought. He saw clearly enough that increased duties would injure trade and that limiting our trade would hurt the Republican party. There was no mistaking the sentiment of the country on the need of extending foreign markets. Mr. Blaine feared above all things to excite further

suspicion that the new bill would be to decrease rather than to increase them. Before the measure had even been reported he made at least one strong protest against a proposed duty on an article heretofore free. This was the duty on hides. For over twenty-five years hides had been free and we had been importing large quantities from South America. The demand for a duty came from the cattle-growers of the West and Mr. McKinley proposed to grant it. When Mr. Blaine heard of this he wrote a letter to Mr. McKinley so sound that one can hardly believe it to be from the same man who had proposed to perpetuate an exorbitant surplus and use it to fortify American cities.

"DEAR MR. MCKINLEY: — It is a great mistake to take hides from the free list, where they have been for so many years. It is a slap in the face of the South Americans, with whom we are trying to enlarge our trade. It will benefit the farmer by adding five to eight per cent to the price of his children's shoes.

"It will yield a profit to the butcher (Beef Trust) only, the last man that needs it. The movement is injudicious from beginning to end — in every form and phase.

"Please stop it before it sees light. Such movements as this for protection will protect the Republican party only into speedy retirement.

"Very hastily,
"JAMES G. BLAINE."

This letter was dated April 10, six days before Mr. McKinley reported his bill. It was effective. Hides were kept on the free list in 1890.

As the debate on the bill went on, Mr. Blaine appears to have become more and more uneasy as to its effect on foreign trade, and to meet the difficulty he proposed a system of what might be called forced reciprocity with the countries of the American Hemisphere. So long as they admitted free to their

ports all the products of the United States our market should be open and free to their products; but if they applied their tariffs to our goods or put export duty on their own, they should not enjoy the advantages of our free list. This proposition was made in a report to President Harrison and by him sent to Congress. It caused much discussion and Mr. Blaine was obliged to explain himself repeatedly. On July 11, he wrote Senator Frye, saying:

"The charge against the protective policy which has injured it most is that its benefits go wholly to the manufacturer and the capitalist and not at all to the farmer. Here is an opportunity where the farmer may be benefited — primarily, undeniably, richly benefited. Here is an opportunity for a Republican Congress to open the markets of forty millions of people to the products of American farms. Shall we seize the opportunity, or shall we throw it away?

"I do not doubt that the tariff bill pending in the Senate is a just measure, and that most of its provisions are in accordance with the wise policy of protection. But there is not a section or a line in the entire bill that will open the market for another bushel of wheat or another barrel of pork."

Mr. Blaine in another letter said:

"If, in the pending tariff, sugar is placed upon the free list, we give to certain countries a free market for $95,000,000 of their products, while they are not asked to open their markets to the free admission of a single dollar of American products. We ought to have, in exchange for free sugar from certain countries, a free market for breadstuffs and provisions, besides various fabrics from all parts of our country. In short, we ought to secure, in return for free sugar, a market for $60,000,000 or $70,000,000 of our own products. It will not require reciprocity treaties to secure this boon. The tariff bill can contain all the necessary conditions. The legislative power is able to secure the desired end. Within

the last twenty years we have given the countries south of us free admission for nearly $60,000,000 worth of their products without receiving a penny's advantage in exchange. If sugar be now made unconditionally free, we shall have given to the Latin-American countries free admission for $150,000,000 of their products. It is time, I think, to look out for some reciprocal advantages. We are a very rich nation, but not rich enough to trade on this equal basis."

Although Mr. Blaine's idea was not adopted as he had presented it, a reciprocity clause based on it was embodied in the Tariff Act of 1890. This clause gave the President power to impose duties on sugar, molasses, tea and coffee and hides, all free in the McKinley Bill, if he found that a country which was exporting any of these articles into the United States was levying duties on the products of the United States which seemed to him unjust. There was of course a lively skirmish over giving the President this power. The Democrats declared it unconstitutional and in this view they were supported by Republican Senators as able as Mr. Edmunds and Mr. Evarts; however, it became a law.

As finally passed, the McKinley Bill was a complete victory for that group of protectionists who had been struggling for twenty-five years to force the Republican party to break the pledges repeatedly given during and after the war to lower the customs as rapidly as the financial condition of the country would permit, to repudiate its long accepted moderate interpretation of the doctrine, and to substitute for it the teaching, that the wealth of this country had been produced by protection and that its stability depended upon protection being accepted as a permanent national economic policy. It was equally a victory for the theorist like Kelley to whom protection was sacred because he saw in it a panacea for poverty, and for William Whitman and Joseph Wharton who

saw fortunes for themselves in wool, nickel, iron, and steel if they could secure the duties they asked. For John Sherman and Morrill and Allison it was a half-victory only. They had held moderate protection as the only wise and safe policy, but they had been overruled.

The most significant side to the victory was that it established firmly the politico-industrial alliance which organizations like the Industrial League, the Iron and Steel Association, and the National Association of Wool Manufacturers had worked so indefatigably ever since the war to build up. Moreover, in the making of this bill, that alliance had found the Congressional leader it needed — a man who was willing to accept its dictates as to classifications and rates, to fight for them with skill, energy, and technical knowledge, and who took it as a matter of course that he and his party should receive in exchange what financial and organizing aid they required. This man was Nelson W. Aldrich. The part he had played in the Senate in the making of the Allison and McKinley Bills had proved him the first entirely able and what was quite as important, entirely cynical leader, the high protectionists had developed. Those whom he had served so well were not ungrateful. Particularly jubilant was the National Association of Wool Manufacturers. It publicly acknowledged its "great obligations to Senator W. Aldrich of Rhode Island for the masterly manner in which he advocated its cause in the Senate." "Indeed," the Bulletin went on to say, "it is proper that we should bear testimony in this connection to the remarkable familiarity with all branches of industry displayed by Senator Aldrich in his management of the tariff bill. Every detail of the most complicated of the schedules was present in his mind for instant response to any criticism or inquiry. Day after day he stood at his post, alert and watchful, rarely speaking except when a response was required, but

armed cap-à-pie for attack from any quarter. Rarely in the history of tariff legislation in this country has the whole burden of so protracted a debate fallen upon one man, and certainly no representative in Congress ever acquitted himself more admirably of so great a responsibility."

The best reason for believing that the methods and principles embodied in the bill would have more than a brief life, that the revolt already begun against its excesses and makeshifts would not weaken it, lay in the fact that the ideal leader for the measure had developed in the Senator from Rhode Island.

CHAPTER IX

THE WILSON BILL

"GENTLEMEN, you can pass your bill. You can pass it when you please," Colonel Roger Q. Mills told the Republicans in Congress at the outset of the debate on the McKinley Bill; "but whenever it does pass it will have a Hell Gate to go through after it leaves the House and Senate. There is a whirlpool with sunken rocks beneath the surface of the water through which your little craft will have to sail.

"You say that this question was settled at the last presidential election. Yes, Grover Cleveland had a majority of one hundred thousand votes of the American people. If there is anything in the signs of the times, they indicate that that majority will be greatly increased in the near future. I want you to pass your bill and go with it out West; take it with hair, hide, and wool all over it, and discuss it there; I want you to meet the people whom you have 'not hesitated' to tax from 1 to 200 per cent on the necessaries of life.

"Mr. Chairman, we promise our friends that we will examine their bill. It needs discussion, and will get whatever we are permitted to give it; and then when we have done that you will pass it, and when you leave this House and Senate with this enormous load of guilt upon your heads and appear before the great tribunal for trial, may 'the Lord have mercy upon your souls.'"

This was in May of 1890. The bill became a law in October. In the interval, wise Republicans like John Sherman and James

G. Blaine were doing their utmost to prepare for the passage of the "Hell Gate," which Colonel Mills had prophesied and the roar of which became louder with each week's approach to the fall elections. While his party granted the duties which bolstered the trusts, Mr. Sherman hurried through his bill making trusts a crime. While his party raised higher the wall which shut trade both in and out, Mr. Blaine worked for free trade between ourselves and our neighbors on the American hemisphere. But these were palliatives, not cures, and sensible people recognized their character. The storm was on the party almost as the measure went through. In the Congress which passed the McKinley Bill, the Republicans and Democrats stood 166 to 159. In the House of Representatives elected a little over a month after the passage of the McKinley Bill the proportion was 88 to 236: they had lost 78 votes. No such avalanche as overwhelmed the party in the fall of 1890 is loosened by one cause. It is always a number, but in this case it was a number of which the prohibitive duty and the political methods it had required to force it through Congress was the centre and strength. The other causes were kindred in their nature. The overthrow of the party at bottom was a plain revolt against the political immorality, the intellectual humbug, and the unholy greed which had produced the bill. At the heart of the Democratic victory was the inspiration of a real cause. The defeat of '88 had left the party determined rather than cast down. They knew they were fighting for a right principle. Their joy in the conflict grew rather than diminished as the months passed.

The Democrats had won the House and Senate and all the indications were that they would win the presidency in 1892. The first fifteen months' trial of the new measure admirably served their ambition, for that happened which, lack of work aside, makes life hardest for the world in general, — the price

of food went steadily up. The fact that a dollar would buy more sugar did not compensate for the fact that it bought less flour, less corn-meal, less meat, and fewer potatoes. Moreover, there were other advances which irritated the world in general, — advances in the prices of coal, lumber, and particularly tin ware and canned goods. Tin plates which sold for $4.79 a box in 1890 sold for $5.33 in 1891, and by the time the tin found its way into a milk pan or a dinner pail or a tomato can there was a still greater per cent of increase. It was so palpably a higher cost because of the duty, it was so generally and correctly believed that the increase would not for many years benefit more than a few, that irritation increased with every purchase. Among manufactured goods it was tin plates almost alone which advanced. Manufactured goods generally fell in price in 1891. Some of the high grade cottons and woollens advanced, but these were exceptions. The fact of a decided increase in a common article like tin plate, the fact that coal and lumber were dearer, quite overshadowed the fall in the prices of goods generally.

There was no hesitation in the minds of the Democrats about what they should do with their power when they took possession of Congress in December, 1891. They proposed to begin at once to reform the McKinley Bill. The history of their efforts in the '80's being what we have seen, and Roger Q. Mills being still a member of the House of Representatives, it was to be expected that he would be elected speaker of the House. Mills was a candidate, so were Charles F. Crisp of Georgia and William M. Springer of Illinois. On the Tuesday before the Democratic caucus, Colonel Mills had one hundred and twenty votes pledged. When the first vote was taken, Mr. Crisp was in the lead. On the thirtieth ballot Mills was defeated by one vote. After the contest, he took the Congressional Directory and checked off the names of

twenty-four men who had asked him for committee assignments, promising to support him in return; the doughty Colonel had refused. Once in the contest Springer sent him word that he would withdraw if Colonel Mills would make him chairman of the Ways and Means Committee. Colonel Mills asked to have the proposition submitted in writing! Tom Johnson, who was devoted to Mills, came to him once when the balloting was going on, and said, "I do wish you wouldn't be a fool; give me two chairmanships and ask me no questions and I will elect you on the next ballot." The Colonel only shook his head. There is no doubt that if he had withdrawn with his followers from the caucus and thrown the election into the House, the Republicans would have elected him. Indeed, they so sent him word.

Mr. Crisp was elected, and he appointed Mr. Springer chairman of the Ways and Means Committee. To Colonel Mills he offered the second place on the Committee; this Mills refused, "Having been a member of the committee of the Ways and Means for ten years, and chairman in the fiftieth Congress," he wrote Mr. Springer, "the reasons which have in your judgment rendered my appointment as chairman unwise would disqualify me for service on any other part of that Committee, and it would not be sincere to say that it would be agreeable to accept your tender.

"I leave to you, without suggestion from me, to make such other arrangements as you, in the discharge of official duty, may determine."

There was no possibility of any legislation passing beyond the House in that session of Congress. A Republican Senate and President stood in the way, but agitation for political and educational purposes was possible and it was carried on. Fully 150 petitions were presented the first session of the new Congress, the 52d, December, 1891 to August, 1892, asking

for the repeal of the whole or some part of the McKinley Bill. More than 100 bills were introduced, providing for its repeal or amendment. The Democrats undertook only the reform of especially obnoxious duties. Five bills were brought in: (1) a bill to place wool on the free list and to reduce the duty on woollen goods; (2) a bill to admit free of duty bagging for cotton, machinery for manufacturing bagging, cotton-ties and cotton-gins; (3) a bill to place binding-twine on the free list; (4) a bill to reduce and ultimately to abolish the duty on tin and terne plates; and (5) to reduced the duty on lead ores. These bills were all passed by the House after thorough discussion; as good material as the party could have for the presidential campaign which was on the country before the "pop-gun" bills, as the Republicans called them, were out of the way.

In the face of an almost certain victory in the impending election, serious Democrats began to ask themselves what, after all, should they do? What did they mean by tariff reform? To the majority there is no doubt that it meant simply a combination of tariff for revenue and of moderate protection of those industries already established, which it was believed could not yet compete with foreign goods. They professed to believe in free raw material — and did unless the raw material happened to be a leading product of their constituents. They were not generally in favor of drastic cutting, but preferred it to gradual.

This in the main was the position of Mr. Cleveland. It certainly was a little more radical than some of Mr. Cleveland's advisors, Mr. Whitney and Mr. Vilas, for instance. But it was a position which filled men like Colonel Mills and Henry Watterson and Tom Johnson with disgust. They determined that it was time that the party stopped its coquetting with protection and followed a single-hearted tariff-for-revenue-only policy, and it was such a policy which Mr.

Watterson in particular determined should be adopted by the Democratic convention. He had succeeded in getting a tariff-for-revenue-only plank into the platforms of 1876 and 1880. In 1884 he had seen his party, "with General Butler astride its back and Mr. Randall on its flanks," as he described it, obliged to straddle. In 1888 this straddle had been repeated. Mr. Cleveland, seeing a "condition and not a theory," could not sanction a plank which promised to reform the tariff with revenue only in mind. He knew the effects of duties on industries ought to and would be considered. Mr. Watterson went to Cincinnati in 1892 prepared for the fight of his life. He won. They called him a platform-smasher afterwards; he corrected them: he was a platform-maker; and that was true. Henry Watterson by his tactics and eloquence led the Democratic convention of 1892 to declare for tariff-for-revenue-only, and Mr. Watterson meant just that.

"How would I make a tariff bill?" he said, later, in one of the most notable political speeches of the period.

"By the aid of all the best experts and authorities I would get together all the needful statistical data. I would then find a clean sheet of paper. I would lay this on the table — not the little round one, but the big oblong table — in the Ways and Means Committee Room. Then I would open the cupboard containing, among other perishable contents, the McKinley Bill. I would take this out none too gently — and pitch it into the fire. Then I would draw upon my clean piece of paper three lines. Thus:

Articles	Duty	Revenue
I	I	I
I	I	I
I	I	I
I	I	I
I	I	I
I	I	I

I would begin at the top of the first column with sugar. Then the duty, say one cent a pound. Then the estimated revenue — say $35,000,000. Then I would abolish the sugar bounty, making a difference of $45,000,000 in the revenue. I would follow with tea and coffee. I would continue, giving precedence as far as possible to revenue yielding commodities not produced in this country, down through the largest revenue-yielding domestic products — without the least regard to protection, incidental or otherwise — and when I got $200,000,000 I would stop. Then I would take another bit of white paper, and I would frame an Internal Revenue Act, raising $175,000,000 on spirits and tobacco-making, $375,000,000 in all — and the rest, $50,000,000 or $75,000,000, as the estimate might require, I would raise by a tax, first on inheritance and dividends, and then, if needs required, on big incomes.

Then I would call the Committee — the Democratic members of the Committee, I mean — and, when any one of them proposed to confuse the simplicity of this perfectly plain Tariff-for-Revenue-only Act by the old cant about the danger of being too precipitate and extreme, I would knock him out — not down — by saying: "Read the National Democratic Platform."

How far from this uncompromising sort of revision Mr. Cleveland was, his letter of acceptance in 1892 shows:

"Tariff reform is still our purpose. Though we oppose the theory that tariff laws may be passed having for their object the granting of discriminating and unfair governmental aid to private ventures, we wage no exterminating war against any American interests. We believe a readjustment can be accomplished, in accordance with the principles we profess, without disaster or demolition. We believe that the advantages of freer raw material should be accorded to our manufacturers, and we contemplate a fair and careful distribution of necessary tariff burdens rather than the precipitation of free trade.

"We anticipate with calmness the misrepresentation of our

motives and purposes, instigated by a selfishness which seeks to hold in unrelenting grasp its unfair advantage under existing laws. We will rely upon the intelligence of our fellow-countrymen to reject the charge that a party comprising a majority of our people is planning the destruction or injury of American interests; and we know they cannot be frightened by the spectre of impossible free trade."

Mr. Cleveland was inaugurated in March of 1893, but tariff reform was not the first work before him. The Silver Question was the more pressing, and the extra session he called for August had as its business the repeal of the purchasing clause of the Silver Bill which the Republicans had adopted in 1890, and by which they had bought a part of the votes for the McKinley Bill. The extra time of this session was utilized to begin work on the tariff. More loudly than ever the public demanded its reform. Nothing that had been promised that the McKinley Bill would do had been done, nothing but reducing the surplus — and that had been overdone. The combination of free sugar, prohibitive tariffs, and reckless spending with purchasing bonds not yet due at a premium, had reduced it to over $105,000,000 in the year the bill was adopted, to $2,500,000 in the year Mr. Cleveland was elected and a deficit was ahead; in fact, Mr. Cleveland inherited a deficit which the fiscal year after his inauguration had reached nearly $70,000,000. He also had inherited a business depression, the culmination of which came in the first summer of his administration, and along with the deficit and panic a series of labor troubles equal to those of the '80's. The McKinley Bill had failed utterly to do the two things which its makers had oftenest declared it would do, preserve prosperity and satisfy labor. Steadily after its passage depression grew. In 1892 the labor troubles of our country were as acute as in any year of our history, and these troubles were in the highly

protected industries, in iron, steel, wool, and cotton. The McKinley Bill was not the cause of the depression, as the Democrats argued. The world was in panic. One of those periodic disturbances which sweeps the globe, a logical result of man's bungling with the laws of trade, had started. That we did not feel the acute pangs of this disturbance as soon as Europe was due to the stimulants we had been taking in the way of high tariffs and cheap money. When they wore off, as they quickly did, our condition was the worse for the delay. A few months after Mr. Cleveland's election the depression and unrest culminated in the panic of '93. There has always been an effort to shift the responsibility of this disturbance on the Democrats. The panic of '93 was caused, so Republican orators have repeated for eighteen years, by alarm at the prospect of a Democratic revision of the tariff. There was never a serious charge with less foundation. That panic was headed directly towards us long before Mr. Cleveland's nomination. A McKinley bill could not stop it; but it did make it the more acute when it came, by the very fact that it had helped free silver to hold it back.

By utilizing the extra session, the Ways and Means Committee had a bill ready for the regular session which began in December, 1893. The chairman now at the head of the Committee was James Lyne Wilson of West Virginia. His appointment to succeed Mr. Springer, who had engineered the "pop-gun" bills, had been particularly satisfactory to the tariff-for-revenue-only Democrats. Mr. Wilson was a man of fifty, an educated gentleman, who had been, in turn, a Confederate soldier, a practising lawyer, and a college president. Through it all he had kept alive a disposition to politics. He had written and spoken on whatever public question was uppermost. He had attended conventions, and served as a delegate, a "scholar in politics." Finally, this interest and

activity took him to Congress, where his sound economic ideas and his skill in presenting them had recommended him to the best element in his party, Cleveland, Carlisle, and Mills. In 1884 he aided Carlisle in his fight against the Randall faction. In 1888 he was put on the Ways and Means Committee, where he served Mr. Mills excellently. It has been customary to speak of Mr. Wilson as impractical and academic, but the bill he brought in in December, 1893, far from being a schoolmaster's application of his own theories, was distinctly practical. The bill was not what he had hoped to make it. Mr. Wilson said in his report: "With the tariff, as with every other long-standing abuse that has interwoven itself with our social and industrial system, the legislator must always remember that in the beginning temperate reform is safest, having in itself the principle of growth." The first step he had had in mind was to take taxes from the materials of industry. In Mr. Wilson's judgment it was the higher cost of raw materials rather than higher wages which hampered American manufacturers. Therefore the Wilson Bill made wool, coal, iron-ore, hemp, and flax free. To "help the farmers" duties were taken from agricultural machinery, from cotton bagging, from salt, and from binding twine. An effort was made to do away with all specific duties. On manufactured goods there was no severe reduction: from one-third to one-half on window glass; 25 per cent on steel rails; lower rates on what Mr. Wilson called the "bogus industry" of making American tin plate; one-fourth cent per pound on refined sugar instead of one-half.

The bill was a grave disappointment to the tariff-for-revenue-only Democrats. It did not go far enough, complained Mr. Mills in an article in the *North American Review* for February, 1894. It was only "a Sabbath Day's journey on the way to reform." He would have put every item in

the chemical schedule on the free list. He would not only have made ores free, but pigs, bars, bloomers, slabs, ingots, sheets, and plates, that is, all materials which had been advanced to a first or second stage towards manufacture. On the same principle he would have made not only wool and hemp free, but yarns and fibres. Mr. Mills was particularly disturbed because Mr. Wilson had not equalized the import duty and the internal taxes on beer, whiskey, and tobacco. He believed these three should bear the brunt of taxation. As it was then, the internal tax was low and the duties very high. The brewers, distillers, and cigar-makers paid low taxes, and, cut off from foreign competition by high duties, kept up prices. Colonel Mills reckoned that under the McKinley Bill the duty on imported cigars amounted to $70.44 a thousand, the internal tax was $3.00 per thousand. He wished to make each $6.00. This would give revenue and cheaper cigars at once. At the same time it would check the tendency to combine.

A more severe critic than Colonel Mills was Mr. Watterson. In a speech in Louisville in January, he said:

"I have read with exceeding care and great concern, the reports accompanying the newly-introduced measure, of Tariff revision. The Democratic report begins by a masterly declaration of Tariff-for-revenue-only logic, to end in an actual exposition of Protectionist practice. For the Chairman of the Ways and Means Committee I entertain the very greatest respect. He is an able, conscientious, patriotic Democrat. He has encountered difficulties and made sacrifices, and endured disappointments, which should earn him the sympathy, rather than the criticism, of his party associates. But, with submission, I think he has been forced by pressure, and not by his own consent, to bring in a measure that strikes a blow at the cause of genuine Tariff Reform, and may set the policy of revenue-only back for many

years to come. It is far, very far, from a measure that can be truthfully described as embodying the idea of 'a Tariff-for-revenue-only.' It is merely better than the McKinley Bill in degree, not in kind, and if Protectionism is ever to be dislodged, I doubt the Trojan-horse stratagem to which it seems to incline. We live in the age of Carnegies and Goulds, not in that of Priam and Æneas."

But the bill Mr. Wilson reported was better from a Democratic point of view than the one sent to the Senate early in February. The chief difficulty encountered in the passage through the House he hinted at in an anecdote he told just before the bill was voted on.

"When Sir Robert Peel was just entering upon his work of tariff reform in England," said Mr. Wilson, "he read to the House of Commons a letter that had been sent him by a canny Scotch fisherman. The writer protested against lowering the duty on herrings, for fear, as he said, that the Norwegian fisherman might undersell him; but he assured Sir Robert, in closing the letter, that in every respect except herrings he was a thoroughgoing free-trader. I trust that no Democrat to-day will be thinking more about his herrings than the cause of the people."

It was not the "herrings" which had found their way into the bill, however, which caused the largest number of Democrats to hesitate over it. They were all accustomed to them. It was a greater innovation, an amendment providing for a tax on all incomes of over $4000. Mr. Wilson had not approved of it, he had believed it inexpedient; but when the committee decided otherwise, he threw in his fortunes loyally with them. "I have never been hostile to the idea of an income tax," he said. "It has been opposed here as class legislation; it is nothing of the kind, Mr. Speaker; it is simply an effort, an honest first effort, to balance the weight

of taxation on the poor consumers of the country who have heretofore borne it all. Gentlemen who complain of it as class legislation forget that during the fifty years of its existence in England it has been the strongest force in preventing or allaying those class distinctions that have harassed the governments of the Old World."

The bill was passed, "herrings," income tax, and all, on February 1, 1894, and was at once sent to the Senate. So sharp had the criticism of the bill been that the Democratic caucus appointed a sub-committee of three to go over it and make a more representative Democratic measure, before it should be reported. This committee was made up of Jones of Arkansas, Vest of Missouri, and Mills of Texas. Colonel Mills had been elected to the Senate the fall before. Although not a member of the Finance Committee, he was placed on the sub-committee. After three weeks' hard and incessant work, the bill was reported to the Democratic caucus, and here a strong opposition at once developed, an opposition so obstinate that it was obvious it would defeat the bill if it could not be satisfied. The leaders of this faction were Senators Arthur P. Gorman of Maryland and Calvin S. Brice of Ohio. These gentlemen had organized so solidly a small number of their party colleagues, dissatisfied with the reductions the bill made on articles in which they were interested, that they were able to say to the Committee that unless their demands were satisfied no bill should pass. A look at the make-up of the Senate shows how easily they could carry out their threat. There were in the body thirty-eight Republicans, forty-four Democrats, and four Populists, the latter voting on the tariff with the Democrats. Five votes diverted from the forty-four would, if the Republicans voted solidly, as they were expected to do, give a majority of one against the bill. Messrs. Gorman and Brice could show the five votes. One of

these was that of David J. Hill of New York, who had given notice that he would in no case support a measure carrying an income tax. The result of this alignment was that the bill was revised under the direction of Senators Gorman and Brice and reported to the Senate with some 634 amendments.

As an illustration of the kind of reconstruction which went on, take the sugar schedule. It is an illuminating example of tariff-making as practised by the Senate of the United States, both then and now. We have seen what the McKinley Bill did for raw sugar,— made it free, but gave bounties to the home sugar-growers equivalent to two cents a pound. As for refined sugar, all grades from No. 16, Dutch Standard, upward, were allowed one-half cent a pound, which was undoubtedly a pure gratuity to the sugar trust. Formed in 1887, with a capital of $50,000,000, the stock of this organization had not been listed on the New York stock exchange until February of 1889. When the McKinley Bill was first brought into the House in January of 1890, sugar certificates were worth fifty cents on the dollar. Their rise between that date, when it looked as if refined sugar would be given no duty, and the date in May, when the one-half cent was fixed, was told three years later on the witness stand by a Senator of the United States who was familiar with operations of this sort, Calvin S. Brice of Ohio:

"During the month of January," said Mr. Brice, "sugar stock fluctuated between 50 and 60, with as wide or wider fluctuations in each of the four following months. So then when the bill had passed the House of Representatives and had been favorably considered and settled in the Senate Finance Committee in May, the sugar trust certificates had advanced to 95, an advance of 45 points or $22,500,000 computed on the capital of the sugar trust, or $33,750,000 if the other $25,000,000 which were added a few months afterwards as representing the Spreckels, Harrison,

and Knight refineries are taken into account. During the fall of 1890 the Baring panic temporarily depressed sugar trust certificates, as well as other securities in the New York Stock Exchange, but as soon as that had gone by, the sugar trust certificates went above par, and eventually under the operations of the McKinley Act reached 134 or 135; an advance from January, 1890, when the McKinley Bill was introduced, of 85 points, or $42,500,000 on the sugar trust certificates, and an advance of $63,750,000 on the American Sugar Refining Company's Stock, the Company which in 1891 succeeded the original trust."

The dealings in the certificates on the New York Stock Exchange in 1890 Senator Brice declared to have amounted to 8,000,000 shares, $800,000,000. As for profits, the trust's president, Mr. H. O. Havemeyer, said on the witness stand in 1894 that he reckoned them at close to $25,000,000 for the three years, or, as he put it, "three-eighths of a cent more on every pound they (the consumers) ate." Without the McKinley Bill this would have been impossible, and, said Mr. Havemeyer, "as long as the McKinley Bill is there we will exact that profit."

This episode had scandalized the country and intensified the disgust with the sugar refiners which their open swindling in the preceding fifteen years had aroused. When the Democrats in the House came to make their bill they at first proposed a duty of one-fourth cent a pound on refined sugar, half of what McKinley had given. This was undoubtedly one-fourth of a cent too much. With free raw sugar the refiners could carry on their business at a profit. This was demonstrated to Mr. Wilson's satisfaction while the bill was still in the House, and when it left, refined sugar as well as raw was free.

As said above, the bill was referred to a sub-committee of which Colonel Roger Q. Mills was a member. Now Mr. Mills,

like most tariff-for-revenue-only Democrats, had always held that a tax on raw sugar was one of the least obnoxious that could be placed. It yielded a large and steady revenue. It was true that it was a tax falling more heavily on the poor than on the rich, but unhappily most taxes are unjust in this respect. Holding this opinion, and believing that the bill did not provide sufficient revenue, Mr. Mills, as he later related, said to his colleagues:

"We have got to have more money than the Wilson Bill makes, and we have to have a duty on sugar. I do not want it. I do not like to go backwards. I would not have taken sugar off the dutiable list and put it on the free list. It has been done, and I do not like to put anything back on the dutiable list, but we have got to do it, and you may as well make up your minds about it. We have to have more money."

Senators Vest and Jones held out for several days against him, but finally they reluctantly agreed to a duty on raw sugar. On refined they proposed only enough to make up to the refiners for the extra cost of their raw material — that is, a compensatory, not a protective, duty.

But this plan never reached the public. The House bill had aroused the Sugar Trust to wrath, and all through the winter and spring of 1894 one or more of its chief officers was in Washington, besieging the Senate and the Administration. Mr. H. O. Havemeyer, the president, Theodore Havemeyer, the vice-president, and John O. Searles, secretary and treasurer, armed with samples and statistics and proofs of political influence, urged upon a worried and reluctant committee a scheme of duties which would give them at least as large a benefit as they had under the McKinley Bill. The gentlemen seem to have been able to secure the attention of all the Senators whom they thought it worth

while to approach, excepting Senator Mills. Mr. Havemeyer made repeated efforts to get to him, but always failed. Finally he asked Secretary Carlisle to give him a note of introduction. He knew Senator Mills, he told the secretary, but he was a busy man and peculiar, and it was difficult to see him. Mr. Carlisle gave the note, and one evening Mr. Havemeyer presented it at the Senator's door with his own card and that of Mr. J. R. Rickey, the inventer of the famous "gin-Rickey." Was the Senator in, and would he see them? The answer came back. "Senator Mills is in, but he will *not* see the gentlemen." Nor did Mr. Havemeyer ever succeed in presenting his ideas of a sugar schedule to Senator Mills.

The activities of the sugar people caused all sorts of rumors to run rife through the press, and finally when the bill was reported on the 20th of March providing a rate of about one cent a pound on raw sugar with an additional one-eighth of a cent per pound on refined, there was an immediate outcry. When later further changes were made in the schedule, making it more intricate and more advantageous to the refiners, dissatisfaction grew. "It would have been quite as appropriate and edifying," said the *Nation*, "and quite as good policy, to have enacted that the Standard Oil Trust should receive $30,000,000 out of the public treasury during the next six months as a reward of merit, and two and one-eighth cents per gallon for all the oil they might hereafter sell in this country, as to do what is done for the sugar trust." The ugliest rumors were afloat, talk of bribes, deals, and threats. They finally culminated in an article published in the *Philadelphia Press* and signed "Holland" (E. J. Edwards), in which in a most circumstantial way the author declared that $500,000 had been contributed to the Democratic campaign fund by the Sugar Trust. In return pledges had been given that the Trust would be taken care of. When the House removed

the duty, the Trust had reminded the Administration of its pledges. Mr. Carlisle, by Mr. Cleveland's directions, had appeared before the sub-committee and had told them that the party was bound to satisfy the sugar interests. There were detailed descriptions of interviews between sugar men and Senators, and of directions sent from the White House. One of the shameful features of the story was that a number of Senators had taken advantage of secret information on the sugar schedule to speculate in sugar stock. This amazing story of political barter would have raised a chorus of jeers, had there not been before the country's eye so much corroborating evidence. The clamor was so loud over the article that in May an investigation was made. Many of the details of the story were discredited. Mr. Cleveland, Mr. Carlisle, and Mr. Mills were certainly cleared, but a substantial scandal remained. By the frank admission of Mr. Havemeyer, it was proved that the trust was in the habit of making contributions to both parties, that is, each party got something, if the result was doubtful. If not, the contribution went to the dominant side, that being the one to which the trust would look for favors. This conclusion is clinched by the following bit of a dialogue which occurred in the course of the investigation:

"*Mr. Havemeyer.* — The American Sugar Refining Company has no politics of any kind.

"*Senator Allen.* — Only the politics of business?

"*Mr. Havemeyer.* — Only the politics of business."

Whatever the Democrats received in 1892 from the Sugar Trust, — and it is probably as certain that they received, not $500,000, but a good sum, as it is certain that Mr. Quay received something like $100,000 from the same source in the campaign of 1888, — it was the sugar-refiners who succeeded in

getting the rates they wanted into the Wilson Bill, not the sugar-producers. So strong was their position with the faction remodelling the bill, that is, with Mr. Gorman and Mr. Brice, that they were able to overpower even the Louisiana Senators, on whom the victory of the insurgents was supposed to depend, and to replace the specific duty which these interests wanted and which raw sugar long had had, by an ad valorem rate, a form which was believed to work and probably did work decidedly to the advantage of the trust.

The charge in the *Press* article that many Senators had speculated in sugar stock, was investigated. Men like Cushman K. Davis, George Gray, George F. Hoar, Roger Q. Mills, John M. Palmer, John Sherman, and John P. Morgan had to suffer along with Quay and Brice, Smith of New Jersey and Murphy of New York, the humiliation of an examination. Senators McPherson and Quay acknowledged that they had been dealing in sugar while the schedule was in the Senate. In no other cases was the fact established, but the suspicion remained in spite of denials that other Senators were equally guilty. This popular belief was more strongly intrenched around Senator Aldrich than any other member of the body. He had been the chief advocate of the refiners in the Senate for a number of years. He was a friend of John O. Searles, and the two had been much together while the schedule of 1894 was making. His fortunes apparently expanded rapidly about this time. The suspicion crystallized in a nickname for his country home which still clings to it, — "the sugar house," — but there was never a vestige of proof, so far as the author knows, that sugar had anything to do with Senator Aldrich's fortune.

Of course, it would have been impossible for the sugar Senators to have received the favors they did if they had not

acquiesced in similar gifts to other interests. They paid for their advantages by consenting to a duty on iron-ore, on silver-ore containing lead, and on coal, all of which should have been free under Democratic doctrine. They paid by consenting to scores of increased duties on manufactured articles, which in some cases raised rates to the McKinley level. A typical transaction was the duty on collars and cuffs. It had been cut by the House. Senator Murphy of New York wanted it raised to oblige certain constituents. He threatened to vote against the bill if he was denied. He, of course, got what he wanted.

Nor was it the Democrats alone who raided the Wilson Bill. The revolt of Senators Gorman and Brice was an invitation to the Republicans to see what they could do for their constituents. When the news of what was going on spread through the country, Washington rapidly filled up with the agents and counsel of the protected industries, and under the leadership of Senator Quay a campaign of obstruction was carried on. Unless you give us what we ask, you shall have no bill at all, said Senator Quay; I will talk it to death. He began to execute his threat on April 14, and ended on June 16. Day after day, the *Congressional Record* states laconically, "Senator Quay resumed the floor in continuance of the speech begun on the 14th of April," and occasionally it adds, "speech will be printed when finished." Senator Quay occupied twelve days of the period in his filibustering. He ceased because he had assurance that the duties he sought would be granted. His speech covers some 235 pages of the *Congressional Record*, an exhibit of legislation by violence which happily has few parallels in our history. James M. Swank, the manager of the Iron and Steel Association, says that Senator Quay secured higher rates of duties in "hundreds" of cases by his filibuster. He and Senator Aldrich seem

to have turned their advantage mainly to saving their own chief industries, — iron and steel and cotton, — for both schedules were written by the manufacturers.

The chief industry which did not get about what it wanted was wool. The House had provided for free wool and a 35 per cent duty on all manufactured goods. This was 5 per cent less than Mr. Mills had proposed to put on woollens in 1888. Of course the Republicans prophesied the most terrible disasters from this change. The industry had been sharing in the general depression of the country, that is, the McKinley Bill had not been able to make it prosperous. The National Association of Wool Manufacturers, confronted by this fact, pleaded that the bill be given a longer test. They declared that there was a "universal agreement between manufacturers" that the "tariff was now scientifically adjusted." Nobody was going to suffer from the rates, they said, and in time they would insure permanent prosperity. The Association, of course, overlooked the fact that the rates they were then enjoying had, with only slight decreases in 1883, been in force since 1867, and that they had not prevented periodical depressions. They overlooked the fact, too, that, far from being united, as they declared, a very large body of the ablest woollen manufacturers in the country were at that moment petitioning for free wool and advising lower duties on their own products. All of this had little effect on the Democrats. The schedule went to the Senate as it had been prepared by Mr. Wilson's committee; and when the subcommittee took hold of it, the duty on woollens was made 30 per cent instead of 35 per cent. This schedule was reported to the Senate on March 20, and soon after that the wool-growers and wool-manufacturers learned of the Democratic insurgent movement for higher duties led by Gorman and Brice.

"As soon as it became known that all the schedules were being written up to or towards protective rates," one of their leading historians wrote afterwards in the Bulletin of the Association, "the woollen manufacturers began to gather in Washington with a view to discovering what could be done to save their own industry from destruction. The first efforts to this end were directed towards securing compound duties. Many variations in the compound rates originally suggested were made, finally resulting in a schedule in which all manufacturers acquiesced.

"The compound schedule was thrown out of court almost immediately, coupled with the information that under no circumstances would the suggestion of compound duties on woollen goods be considered. If at this juncture the woollen manufacturers had been so fortunate as to possess among the Democratic Senators a single friend, so earnestly and honestly their friend as to do for them what certain Senators did for certain other industries (notably several branches of the iron and steel industry), this compound schedule could have been forced into the bill, as other specific duties were forced into it everywhere else, as the condition precedent to its passage. But they had no such friend, none at least who was willing to go as far as other Senators went for other industries. Thus it happens that the wool schedule is almost the only one in the Senate bill which was not dictated by some one powerful enough to make its terms fairly satisfactory to the industries concerned."

The Wilson Bill was returned to the House Committee with 634 amendments attached. The Committee refused to accept the amendments and a conference was arranged. Nothing came of this. The Senate conferrees held to the amendments, the House conferrees to disagreement. In reporting the disagreement to the House, Mr. Wilson read a letter from President Cleveland protesting against the bill. It voiced his pain and disgust at the outcome of the long fight he had led and counselled resistance to the miserable compromises which filled the bill:

"My public life has been so closely related to the subject" (tariff reform), Mr. Cleveland wrote, "I have so longed for its accomplishment, and I have so often promised its realization to my fellow-countrymen as a result of their trust and confidence in the Democratic party, that I hope no excuse is necessary for my earnest appeal to you that in this crisis you strenuously insist upon party honesty and good faith and a sturdy adherence to Democratic principles.

"I believe these are absolutely necessary conditions to the continuation of Democratic existence.

"I cannot rid myself of the feeling that this conference will present the best, if not the only, hope of true Democracy. Indications point to its action as the reliance of those who desire the genuine fruition of Democratic effort, the fulfilment of Democratic pledges, and the redemption of Democratic promises to the people. To reconcile differences in the details comprised within the fixed and well-defined lines of principle will not be the sole task of the conference, but as it seems to me its members will also have in charge the question whether Democratic principles themselves are to be saved or abandoned.

"There is no excuse for mistaking or misapprehending the feeling and temper of the rank and file of the Democracy. They are downcast under the assertion that their party fails in ability to manage the government, and they are apprehensive that efforts to bring about tariff reform may fail; but they are much more downcast and apprehensive in their fear that Democratic principles may be surrendered. In these circumstances they cannot do otherwise than to look with confidence to you and those who with you have patriotically and sincerely championed the cause of tariff reform within Democratic lines and guided by Democratic principles. This confidence is vastly augmented by the action under your leadership of the House of Representatives upon the bill now pending.

"Every true Democrat and every sincere tariff reformer knows that this bill in its present form and as it will be submitted to the conference falls far short of the consummation for which we have

long labored, for which we have suffered defeat without discouragement, which in its anticipation gave us a rallying cry in our day of triumph, and which in its promise of accomplishment is so interwoven with Democratic pledges and Democratic success, that our abandonment of the cause or the principles upon which it rests means party perfidy and party dishonor.

"One topic will be submitted to the conference which embodies Democratic principle so directly that it cannot be compromised. We have in our platforms and in every way possible declared in favor of the free importation of raw materials. We have again and again promised that this should be accorded to our people and our manufacturers as soon as the Democratic party was invested with the power to determine the tariff policy of the country.

"The party now has that power. We are as certain to-day as we have ever been of the great benefit that would accrue to the country from the inauguration of this policy, and nothing has occurred to release us from our obligation to secure this advantage to our people. It must be admitted that no tariff measure can accord with Democratic principles and promises or bear a genuine Democratic badge that does not provide for free raw materials. In these circumstances, it may well excite our wonder that Democrats are willing to depart from this, the most Democratic of all tariff principles, and that the inconsistent absurdity of such a proposed departure should be emphasized by the suggestion that the wool of the farmer be put on the free list and the protection of tariff taxation be placed around the iron-ore and coal of corporations and capitalists.

"How can we face the people after indulging in such outrageous discriminations and violations of principles?

"It is quite apparent that this question of free raw materials does not admit of adjustment on any middle ground, since their subjection to any rate of tariff taxation, great or small, is alike violative of Democratic principle and Democratic good faith.

"I hope you will not consider it intrusive if I say something in relation to another subject which can hardly fail to be troublesome

to the conference. I refer to the adjustment of tariff taxation on sugar. Under our party platform and in accordance with our declared party purposes, sugar is a legitimate and logical article of revenue taxation. Unfortunately, however, incidents have accompanied certain stages of the legislation which will be submitted to the conference, that have aroused in connection with this subject a national Democratic animosity to the methods and manipulations of trusts and combinations.

"I confess to sharing in this feeling, and yet it seems to me we ought, if possible, to sufficiently free ourselves from prejudice to enable us coolly to weigh the considerations which in formulating tariff legislation ought to guide our treatment of sugar as a taxable article. While no tenderness should be entertained for trusts, and while I am decidedly opposed to granting them, under the guise of tariff taxation, any opportunity to further their peculiar methods, I suggest that we ought not to be driven away from the Democratic principle and policy which lead to the taxation of sugar by the fear, quite likely exaggerated, that in carrying out this principle and policy, we may indirectly and inordinately encourage a combination of sugar refining interests. I know that in present conditions this is a delicate subject, and I appreciate the depth and strength of the feeling which its treatment has aroused.

"I do not believe that we should do evil that good may come, but it seems to me that we should not forget that our aim is the completion of a tariff bill, and that in taxing sugar for proper purposes and within reasonable bounds, whatever else may be said of our action, we are in no danger of running counter to Democratic principle. With all there is at stake, there must be in the treatment of this article some ground upon which we are all willing to stand, where toleration and conciliation may be allowed to solve the problem without demanding the entire surrender of fixed and conscientious convictions."

It was on July 19th that Mr. Wilson read this letter to the House. Following it a bitter attack was made upon Mr.

Cleveland by Mr. Gorman and others in the Senate. They declared they had kept the President fully informed of the changes which were being made in the bill; that they had told him that it would be impossible to pass a bill which did not embody them. Mr. Cleveland had insisted that a bill must be passed, and he had urged them to go ahead and do the best they could. This is no doubt true. But no one who knew Grover Cleveland can accept their contention that he had practically assured them that he would accept any bill that they could pass. It was not like him to make such a promise, nor was he a man to mislead. Moreover, Mr. Cleveland would have been false to his own great sense of responsibility if, for the sake of party, he had let the repudiation of principle, and the juggling and trading the bill represented, go without public reproof. There was a chance, too, that his remonstrance might force from the Senate certain concessions, such as the free iron-ore and coal which he so much wanted. Mr. Cleveland took the chance. His letter failed to do what its author sought. Indeed, it made the dominant faction in the Senate so angry that it flatly refused to recede from any of the amendments to which the House had declined to assent. The upshot of the matter was that on August 13th the House gave in. Mr. Wilson's brief closing remarks show his disappointment. Until the last he had hoped and believed, he said, that some form of honorable compromise would be achieved. "But," said he, "we have simply realized in this great fight the fact so well stated by the great leader of the tariff reform fight in Great Britain — that when the people have gained a victory at the polls they must have a further stand-up and knock-down fight with their own representatives. And we have realized if nothing else the warning lesson of the intrenchment of the protective tariff in this country under thirty years of class legislation until the mere

matter of tariff schedules is a matter of insignificance and the great question presents itself, — is this to be a government by a self-taxing people or a Government of taxation by trust and monopolies? The question is now, whether this is a government by the American people for the American people, or a government of the sugar trust for the benefit of the sugar trust."

But he advised voting for the bill. It was with most of its rates as it was with the sugar duty.

"Vicious as it may be, burdensome to the people as it may be, favorable to the trust as it may be, it is less vicious, less favorable to the trust, less burdensome to the people than is the McKinley law, under which this trust (sugar) has grown so great as to overshadow with its power the American people."

Never had an opposition a more substantial reason for taunting a majority than had the Republicans when it was finally seen that the Senate had won. Mr. Reed had been spokesman for the Republicans throughout the making of the bill and he had used his power in as sheerly and consistently brutal a fashion as is to be found in the records of Congress. But what he now said had a ring of honest indignation and it was entirely justified by the facts.

"The adoption of the Senate bill," said Mr. Reed, "is a complete abandonment of the fundamental principles of tariff reform. The Senate bill has been constructed upon entirely different lines. It was framed upon the broad bedrock foundation of the necessity of securing 43 votes, and all minor considerations had to give way to this great underlying principle.

"Coal is taxed in order to secure the necessary votes of the self-styled ambassador from the sovereign state of Maryland; protection is accorded to the industries of the state of Maryland as the price of her votes; seventy-five millions of people are to be

burdened with a tax on sugar in order to hold the votes of the sugar-producing state of Louisiana, and the sugar trust had to have its demands satisfied in order to insure liberal contributions to the Democratic campaign fund; while Republican Senators had but to threaten interminable debate to secure full protection to the industries of their state.

"In this way the Gorman Bill was constructed and passed, and it is this measure, so framed, you now propose without amendment or debate to indorse and approve. How you are able to do this with any sense of self-respect, it is difficult to understand. You voted for the Wilson Bill under protest, declaring you did so because it was a movement in the right direction, a step towards free trade; and now you accept the Gorman Bill without regard to the principles upon which it was constructed and without knowing whether it leads towards protection or free trade in the face of an acknowledged abandonment of all principle. Such unexampled party stultification cannot be too severely condemned.

"What will be the fate of this bill at the other end of the avenue, it is impossible to forecast, but the President of the United States will belie his reputation for courage and tenacity of purpose if he does not promptly stamp it with his veto.

"When this bill is laid before the President for Executive approval and he has sufficiently examined it to be assured of its identity as the very measure which he himself has already publicly repudiated, I can imagine him taking the Wilson letter in one hand and reading his own words, 'This is an act of party perfidy and party dishonor,' and then dropping his pen from the other, exclaiming with ineffable scorn, 'Is thy servant a dog that he should do this thing?'"

Mr. Reed was right. The bill, which was passed by a vote of 182 to 106, 12 Democrats only voting against it, was never signed by Grover Cleveland. It became a law without his name on August 27, 1894.

CHAPTER X

THE DINGLEY BILL

Two months after the Wilson Bill became a law, the Democratic majority in the House of Representatives suffered as thorough a reverse as had the Republicans in 1892. The House stood, after the election, 246 Republicans, 104 Democrats, and 7 Populists. The South returned 33 Republicans. The painful failure of Congress to make the honest and thorough revision of the tariff which the country had expected was certainly one cause of the party's overthrow. Honorable men could not sanction the scandal and barter which had attended the making of the new law. But there were other and powerful causes for the defeat. There was the silver question. With every month it became more certain that silver was to be the issue in the next campaign. There was a possibility at least that the Republicans would continue to make the issue their own. The group of Western Republican Senators who in 1890 had voted for a tariff bill of which they did not approve in order to get votes for a silver bill of which the voters did not approve, were more hotly devoted to free silver than ever, — more determined to make it a party measure. Already several Republican State Conventions had declared for it. Among the New England Congressmen there seems to have been a willingness to prepare the way for some kind of action, at least to consider free silver, for in the spring of 1894 Henry Cabot Lodge made a conciliatory and ambiguous speech on the subject in the Senate and there

were others, who like him seemed to be ready to go either way. On the other hand, free silver had no hope with the then dominant faction of the Democratic party. Mr. Cleveland and his supporters were willing to go down to defeat rather than even seem to encourage the fallacy. Free silver then carried many voters to the Republicans in the fall of 1894.

The strongest reason for the overthrow was the least sound. It was an unreasoning revolt against the party because of the panic of 1893 and the long period of hard times which had followed it. The panic happened after Mr. Cleveland was nominated, and therefore his election and his policy caused it! The public overlooked entirely the fact that hard times, failures, falling prices, and labor troubles had begun soon after the passing of the McKinley Bill and had steadily become graver with every month of its life. Between 1890 and 1894, the period the McKinley Bill was in force, Ohio-scoured wool fell from 71½ cents to 44½ cents, a drop of 27 cents. In 1896, under the Wilson Bill, wool began to revive. Bessamer pig-iron fell off from $18.00 to $12.00 per ton between 1890 and 1894. These same tendencies were shown in nearly all prices where the articles carried prohibitive tariffs. Almost, if not quite as great a fall in prices occurred in 1890, 1891, 1892, and 1893 under the McKinley Bill, as after the Wilson Bill went into effect and a lower duty had been added to the general depression. The tariff considered the fall was greater under the McKinley Bill on many important articles. Take steel rails; under the McKinley Bill of 1890, they bore a duty of $13.44 per ton. In 1890 they sold at an average price of $31.77. In 1891 the price fell to $29.91; in 1893 to $28.12½. The Wilson Bill reduced the duty on rails to $7.84. The average price the first two years after the bill went into operation was $24.00, and in the third year the price rose to $28.00. The lowest price at which steel rails have ever been

sold in this country was in the first year of the Dingley Bill, $17.00 per ton. After the duty was put on barley for the farmer by the McKinley Bill, the price went up for one year, 1891, but in 1892 it fell off 10 cents, and in 1893, 14 cents. Free barley and the continued depression did little worse.

Hides had no duty under either the McKinley or the Wilson bills. The price began to fall in 1892, reached its lowest level in 1894, and in 1895 rose higher than it had been in many years. All woollen goods fell under the McKinley Bill and began to recover in 1896. Measured by business failures and labor troubles, the period of the McKinley tariff was as disastrous as that of the Wilson. Indeed, there is quite as much reason for laying the panic of 1893 to one bill as to the other, but neither was responsible.

The new Congress, which was elected in the fall of 1894, first met in December, 1895. Mr. Reed was elected speaker of the House and Nelson Dingley, also of Maine, was appointed chairman of the Ways and Means Committee. Mr. Dingley was a man over sixty years old, a hard-working, conscientious, experienced politician. He had been born and educated in Maine. He had been one of the state's best newspaper editors and had filled, one after another, nearly all her offices, that of governor included. In 1881 Mr. Dingley was sent to Congress, where he had soon become invaluable because of his extraordinary fund of information on all sorts of subjects, particularly on all things relating to American history and American industry. He held the doctrine of protection in much the same pious regard as did Mr. McKinley. For him it was a settled dogma — the only question was the amount of a duty, and to the estimating of that he brought an amazing patience in calculation and in investigation. His colleague, Mr. Boutelle, once said that he had for years lived in the same hotel with Mr. Dingley

and that he had never entered his room that he did not find him surrounded by documents, a pad on his knee, laboriously digesting them for his purposes. Facts alone stirred his mind. No man was ever witty enough or wise enough to impress Nelson Dingley, but no fact was too unimportant to receive his attention. It is obvious that any tariff bill he directed would be carefully made.

The first business of the new Congress was to provide revenue. Mr. Cleveland's administration had inherited, as already pointed out, a deficit of nearly $70,000,000. The tariff bill which had been revised to increase the revenue had failed. The sugar refiners, finding that a duty was to be put on raw sugar, had brought in enormous quantities, free, to hold for their needs. Thus, by their foresight, the treasury in Mr. Cleveland's first year was despoiled of revenues it had a right to count on. Again, the income tax on which they depended for a large sum was declared unconstitutional. Something had to be done to bring in more money. The Republicans had decided to use their power to put back the tariff on wool and to increase that on a variety of manufactured articles, and on December 26, 1895, Mr. Dingley reported a bill providing for these increases. The bill was passed at once by the House. Its fate in the Senate shows how thoroughly the tariff had already been replaced by free silver. The Finance Committee did not report it, but recommended to the Senate that the needed revenue be raised not by the House bill, but by the free coinage of silver; and pathetically enough, poor Mr. Morrill, who for forty years had struggled for sound money, was obliged, as chairman of the committee, to report the measure.

This putting of the tariff in second place was the more evident as the time approached for the National Convention of 1896. Silver was the question in which the real interest

lay, not the tariff. Nevertheless, the wool-growers and woollen manufacturers, the Iron and Steel Association, the high protectionists everywhere, began, months before the Convention, a determined campaign to commit the Republicans to tariff revision as a leading issue, and to name William McKinley for President. "Bill McKinley and the McKinley Bill" seemed to them a slogan sufficient in itself to win an election. They had their way. The platform declared protection to be the "bulwark of American industrial independence and the foundation of American development and prosperity." It also declared with evident reluctance its opposition to the free coinage of silver except by international agreement with the leading commercial nations of the world.

The intention of the wool and the iron and steel interests and their allies to force the tariff to the front in the campaign, was frustrated at once by the extraordinary sweep to silver in the Democratic Convention and the revolt to that party of a large body of leading Republicans. If the election was to be won at all, it had got to be won by an unequivocal and whole-hearted stand for the gold standard and to that Mr. McKinley was forced, half-silverite as he was, after a few flat efforts to arouse enthusiasm for the bill of 1890. It was McKinley and the gold standard, not Mr. McKinley and prohibitive tariffs, which was opposed to Bryan and free silver, and in 1896, Mr. McKinley won by the votes of the Gold Democrats. It is probably true that many of them were given to understand that the Republicans would let the tariff alone or at least would not be in a hurry to revise it: at least that claim was made by men of character and intelligence. It was hardly Mark Hanna who could have made such a promise. Mr. Hanna knew too well what his backers in iron and steel and wool expected, and would demand for their contributions. That these contributions were large, there

can be no doubt. James M. Swank, the general manager of the Iron and Steel Association, has said that more money was spent to elect Mr. McKinley than had been spent to elect Mr. Harrison, and certainly Mr. Swank was in a position to know.

At all events, the work to which Mr. McKinley called Congress in extra session immediately after his inauguration, on March 4, 1897, was not establishing sound money; it was raising more revenue by duties "so levied upon foreign products as to preserve the home market as far as possible to our producers; to revive and increase manufacturers; to relieve and encourage agriculture; to increase our domestic and foreign commerce; to aid and develop mining and building; and to render labor in every field of useful occupation the liberal wages and adequate rewards to which skill and industry are justly entitled." Why Mr. McKinley expected a new bill to do what his own had not been able to do, he did not explain.

The new bill was almost ready to report when the extra session was called, for Mr. Dingley and his committee had been at work all of the preceding winter preparing it. A sincere effort was made to give a good bill according to Republican lights. "We expect," Mr. Dingley wrote Colonel George C. Tichenor, who was assisting him, "to cut nearly all our duties considerably below those of the act of 1890." In not a few cases, Mr. Dingley accepted the Wilson rates practically as they stood. This was true of the metal and cotton schedules. He felt safe in doing this, because, as he said, they were "really made by the manufacturers." Throughout the schedules the committee aimed to replace the Wilson specifics by ad valorems and, of course, this caused more or less uncertainty as to whether or not by the change those rates had not been raised more than the committee acknowledged.

The Democrats charged that they had, but the fact seems to be that Mr. Dingley sincerely aimed to keep duties nearer, if possible, to the Wilson Bill than to the McKinley Bill. The committee particularly desired to escape the charge of fixing prohibitive duties. This had been done in 1894, professedly to cut down the revenue, and the mischief it had worked the party was not yet forgotten. In spite of the repeated assurances of Mr. Dingley that the extremes of the bill of 1890 were to be avoided, the committee did report many rates as high and a few even higher; for instance, the duties on flax and linen were advanced. A number of the unimportant articles which the old bill had put on the free list were put back in the dutiable list, as were nearly all the important articles made free by the Wilson Bill, — wool, salt, lumber, cotton-bagging, cotton-ties, and burlaps.

Works of art had been made free by the Democrats; the Dingley Bill restored the duty. One reason given was that "many objects having no artistic quality or merit whatever and calculated rather to corrupt than encourage art or culture" were being imported! Foreign books, that is, "books in language other than English," over twenty years old, engravings, etchings, music, maps, scientific books and periodicals and supplies of all kinds for colleges, libraries, galleries, and laboratories had been allowed to come in untaxed by the Wilson Bill; all these duties were restored by the Dingley Bill. Travellers were again subjected to the irritation of having their luggage overhauled, and the amount of purchases allowed them was reduced to $100.00. This exasperating tax first appeared in the McKinley Bill; here the limit fixed was $500.00. The Democrats dropped the clause but it was now restored. But in spite of these mediæval provisions, the Dingley Bill, when presented to the House on March 19, 1897, was a fairly good protectionist measure,

certainly a real improvement on the McKinley Bill. There were fewer prohibitive rates, less contradiction, and less quakery.

In introducing the bill, the Republicans had laid down a program for rushing it through the House by March 31, and this was carried out, under protest, of course. The bill did not come to the Senate from the Finance Committee until May, and it came back with many changes. Mr. Aldrich, the chairman of the committee, claimed that on the whole these changes were downward. He was emphatic in his assertions that moderate duties were expected by the country. It was "thoroughly understood in the last political campaign," said Mr. Aldrich, "that if the Republican party should be again intrusted with power, no extreme tariff legislation would follow. It was believed, in the changed condition of the country, a return to the duties imposed by the act of 1890 would not be necessary even from a protective standpoint.

"Industrial conditions in this country, with very few exceptions, do not demand a return to the rates imposed by the act of 1890. The bitter contest which is going on among the leading nations of the world for industrial supremacy has brought about improvements in methods and economies in production to an extent which was not thought possible a few years ago. These new conditions must be taken into account in considering the rates to be imposed."

When the Finance Committee had believed the House rates extreme, Mr. Aldrich said that they had lowered them. A comparison of the bills shows that this was the fact in the case of the chemical, the earthen ware, and the glass and metal schedules. There were also reductions on certain parts of the wool schedule. While the Senate amendments, on the whole, aimed at lowering rates, they also aimed, like the House bill, to protect everything which asked protection.

The sugar schedule had undergone material changes and mysterious ones. The rates on all but the lowest raw sugars were higher than they were in the Dingley Bill, and there was a gap between sugars of 87° and 88° polariscope test much wider than between any other two grades. This exceptional differential was effected by such indirection that there was an immediate cry that Mr. Aldrich was trying to play into the hands of the sugar trust. The schedule was twice changed in the Senate, but when the bill came into conference Mr. Dingley succeeded in having the House rates restored.

The political make-up in the Senate in 1897 was such that it created for the Republicans a situation not unlike that of the Democrats in 1894. Their Republican majority was considerable, but there was a group of this majority interested in free silver and not in the tariff, and it could not be counted on. If they supported the bill, it would be in return for concessions which they might ask. Almost at once it developed that this group was going to use its power to raise the duties on all grades of wool higher than the House or Senate had proposed to do. Wool had been free under the Wilson Bill. To cut a duty on an important product like wool 11 and 12 cents a pound without giving time for adjustment, of course causes a severe strain on a business even in prosperous times; to do it at a moment when all business is depressed and when the particular product, as in the case of wool in 1894, has been suffering ups and downs for many years, is to increase the strain dangerously near the breaking point. Free wool did intensify an existing distress but that the sheep growers would not have rallied from it and adjusted themselves in a very few years, no disinterested person can for a moment believe. If they had been willing to do this, there is no doubt that the business of wool-growing would be on a

more solid basis to-day than it has ever been in this country. It would be conducted according to those laws of supply and demand which govern trade, and not be subjected, as it is now, to periodical excitations and depressions as public opinion forces duties up or down. The wool-growers had no thought, however, of accepting the situation as long as they had political power. Judge William Lawrence, the president of the National Wool-Growers Association, kept up a clamor throughout the campaign, and when the new bill was under consideration, demanded rates higher than wool had ever received. He was sternly rebuked by strong protectionists for his greed. "Any revision of the tariff," one influential interest allied to him, said, "which carried such rates of duty on this raw material, would not only fatally hamper the American wool manufacturer, but would excite on the part of the people such natural opposition, by reason of their prohibitory character, that their enactment would necessarily be followed by agitation for their repeal, an agitation which would grow and gather and continue until it finally resulted in still another tariff revision, perhaps at the end of four years. To insure any degree of permanence to the tariff law about to be enacted it is necessary that, in so important a schedule as this, it shall commend itself to the popular judgment as one constructed on fairly conservative lines. The schedule proposed by Judge Lawrence far exceeds in its proposed rates of duty any schedule ever before demanded with reference to any article, either raw or manufactured, in connection with any revision of the tariff ever undertaken in the United States.

"It is not necessary in this connection to undertake any analysis of these proposals. Their significance will at once be apparent to every wool manufacturer. Their enactment would be tantamount to a blanket provision in the law to the

effect that 'the importation of wools of foreign growth is prohibited, on and after the passage of this act.' Such a wool schedule would not only be fatal to the wool manufacturer, but equally fatal to the wool-grower; for it would enormously restrict the use of domestic wool, which would be superseded by foreign wool imported in the manufactured form."

But Judge Lawrence and his Association, as had been proved in 1883 and again in 1890, held moderate protection as little better than free trade. They wished to shut out all foreign wool. They refused to modify their demands now, and when both House and Senate Committees put the rates down, they turned on their representatives with a demand that their wants be satisfied. That they could rally a group strong enough to defeat the bill was plain. The Western silver Senators were also wool Senators. They took no interest in the bill as a party measure; they would gladly defeat it if it did not give them what they wanted. Moreover, the demand for a duty on wool was supported by a group of Eastern woollen manufacturers who had always exercised great political power. This was the group known as the National Association of Wool Manufacturers. Although they deplored Judge Lawrence's extreme demands, they stood for a duty on wool. In the judgment of this Association, they must either support the wool duty or be prepared to abandon their own protection; accordingly they now resolved that "an impartial application of the principle of protection is essential to a complete and uniform development of the industrial resources of the nation," and they "earnestly" seconded the appeal for a duty on wool. This resolution they sent to the wool-growers, who naturally had always been suspicious of the support of men willing to work for a law which made their own materials dearer, with a

private note, assuring them that "a spirit of sympathy and fellowship" towards all wool-growers animated the Association. That his spirit was far from animating all in the business, the loud protests against taxing wool which came from many leading but non-political woollen manufacturers at this time is evidence. So strong was the vote the wool interest mustered that the Senate finally yielded in its fight for the lower duty. Eight and 9 cents a pound on clothing and combing wool were what it had been struggling for; 10 and 11 cents were granted: but when the bill went into conference these rates were advanced to 11 and 12 cents, making the duties exactly what they were in the McKinley Bill. The duty on wool of the third class, that is, on carpet wool, was raised higher than in the bill of 1890, an entirely indefensible increase. We did not then and do not now raise carpet wool in this country. Our land is too valuable. But the Western growers of coarse wool had been told that carpet wool was being imported free for use in cloth-making, that it was "deplacing" American wool, and they had demanded that it should be taxed. It is probable that a small amount of carpet wool did and still does find its way into certain clothes, but it is a negligible amount, and to put a tax upon the raw material of an entire industry, making every yard of domestic carpet dearer for the sake of protecting the scared wool-growers of the West against a purely imaginary competition was as silly as it was unjust.

The demand of the wool-growers that the prohibitive duties on all kinds of wool substitutes be restored, was imperative. By raising the cry of "shoddy" they could wrest a duty from Congress on any material, no matter how valuable to the manufacturer. Perhaps no word has been more unjustly degraded in the history of industry in this country. The world has never produced enough raw wool to meet the demand

for woollens. It has always been necessary and probably always will be necessary, to use wool waste and wool rags. Ingenious machines have been devised for preparing all this material for the manufacturer. It is a legitimate part of the business, and one that helps to provide warm, cheap clothing for the poor. "It would be as unreasonable," says one authority, "to despise paper makers because they use up linen rags, or to despise dyers who use colors made from coal tar, as to despise manufacturers who use up waste woollen rags as shoddy. It is said that 125,000,000 pounds of shoddy, mungo, etc., are manufactured into wool every year in England alone. If this immense quantity were wasted, it is difficult to estimate the increase which would take place in the price of wool and the consequent dearness of cloth; but the result would be that countless persons would be unable to afford proper clothing." The wool-growers cut off all importations of shoddy in the new schedule. It would displace American wool. As we shall see, it drove the manufacturers, not to use more wool, but to find a substitute for wool.

Of course, the McKinley rates on raw wool meant the McKinley rates on woollen goods, that is, if the National Association could get them. In principle, they were those of the compact of 1867, between the two wings of the wool industry, which rates have already been explained. They provided for compound duties; that is, one set of duties which made up to the manufacturer for the tax he paid on his raw material — the aim being, of course, to put him on the same basis as his foreign rival — and a second set which was purely protective. In estimating the first class of duties, the National Association demanded that four pounds of wool should be reckoned to a pound of cloth. It had been shown again and again that it was only "sometimes" that this

amount of wool was required for a pound of cloth, that the effect of the ratio was to make all of the heavy shrinking wools for which four or more pounds were needed too dear to be imported, and at the same to give an entirely unnecessary compensation to cloth goods made from wools which shrink but slightly. When the point was made, the National Association raised a hue and cry, and Congress was warned to respect its influence as it had been in 1890. When it came to the duties for protection the Association which had protested against the greed of the wool-growers in demanding high duties showed themselves equally greedy and more successful; for the wool-growers, except in the case of carpet wools, which we do not produce, had to content themselves with the McKinley rates, while the woollen manufacturers were able to raise the duty on the goods which are chiefly imported to the highest point it had ever touched, 55 per cent. It is interesting to note that in the compact of 1867, to which the Association constantly appealed in the making of the Dingley Bill as it had in earlier bills, 25 per cent was considered a proper protection for the goods on which the Association now asked and received 55 per cent. When the bill finally passed the Conference it carried the same puzzling provision for a duty on wool tops as had been put into the McKinley Bill on the suggestion of the then president of the National Association of Wool Manufacturers, Mr. William Whitman. As we have seen, this was not a clearly stated figure: tops were to carry the duty of the basket clause of the schedule. Figured out, this amounted to a higher duty on tops than the bill provided for yarn, which is the more advanced stage of wool on its way to cloth. There was opposition to this duty and grumblings of manipulation, but it was many years before the truth about it became public property.

The success of the National Association in getting into the bill exactly what it wanted was generally believed by those who knew what was going on in Washington at this time to be due to the confidential relations with the Finance Committee of the secretary of the Association, S. N. D. North. During the making of the Wilson Bill, Mr. North was known to have had a desk in the office of Senator Aldrich, and from that vantage ground to have made a desperate but unsuccessful attempt to secure for the industry he represented something of the favor which other lobbyists were wresting from the Democrats. During the making of the Dingley Bill he occupied the same inside position. To all appearances he was a confidential clerk of Mr. Aldrich's; as a matter of fact, he was a paid representative of the woollen manufacturers, looking after their interests while apparently aiding the Finance Committee as he could. That Mr. Aldrich, himself, did not understand the real nature of the wool schedule finally adopted, one can hardly doubt, for he told Mr. North at the time, according to a letter the latter gentleman wrote to Mr. Whitman: "I don't suppose this tariff is going to last long, because the rates are so high; but I am perfectly willing that the wool manufacturers should have all that there is in it and that the tail should go with the hide."

The influence on the bill of this despotic power of the wool interests was similar to that of sugar on the Wilson Bill, but it did not make itself clear in the Senate as it had in the earlier bill. It came out in the conference of the two Houses which followed the passage of the bill by the Senate on July 7. Some 872 amendments had been tacked to the measure and the conference spent nearly a fortnight over them. When finally reported, the rates were generally higher than either the House or Senate had advised. It was im-

possible to give to wool all it demanded on a threat of defeating the bill, unless other interests were favored, and so it happened that when the Dingley Bill was finally passed, it was, on the whole, a more oppressive measure than the McKinley Bill. Moreover, it was made more oppressive by a House and Senate whose leaders had declared from the beginning of their work that the country asked and had been promised moderate duties. It was as real a breaking of promises as the Wilson Bill was a surrender of principles.

And there was a general feeling among those who had made it, and in the Administration itself, that as Mr. Aldrich told Mr. North, duties were too high and would have to come down. What would have happened if the public mind had continued to be occupied with the tariff as it had in 1890 and in 1894, it is difficult to say. It is not probable that there would have been any such revolt as the McKinley Bill caused. The disillusion the country had suffered over the ability of the Democrats to carry out consistent reforms was too keen. Moreover, what industry wanted and needed more than anything else was to be let alone; even the most irreconcilable of tariff-for-revenue-only men could have hardly counselled another revision at this juncture. The Dingley Bill, bad as it was, did not stir the popular mind. Silver occupied it, and silver was soon displaced by the most absorbing interest which a country can have — a war — and the war was followed by the question of imperialism, and imperialism was not settled before the country had entered on a period of such magnificent and bewildering prosperity as it had never before dreamed. The heavy decline in prices which had begun in 1891 reached its lowest point for raw materials at the end of 1896, for manufactured goods in 1897. It was not until 1904 that the prices which manufacturers had received in 1890 were reëstablished, but

after they were once reached, they soared rapidly far beyond. As for raw materials, they regained the ground they had lost much more quickly.

Wealth of all descriptions began to increase in an unheard of way. In 1897 the gold and silver produced in the United States was worth something over $89,000,000; in 1900 this had risen to $115,000,000, and in 1905, to over $122,000,000. While in 1897 we produced over 8,500,000 tons of pig-iron, in 1905 it was 16,500,000, and we were consuming about all we produced. Of bituminous coal in these three years we produced respectively 131,000,000, 189,000,000, and 281,000,000 tons. Of wheat we grew in 1897 over 530,000,000 bushels, about the same in 1900, and in 1905 nearly 700,000,000 bushels. The cotton crop in 1897 was valued at $319,500,000; in 1900 at $511,000,000, and in 1905 at $632,000,000. Our hay averaged an annual value in this period of over $500,000,000; our potato crop something like $150,000,000. The value of our farm animals in 1897 was about $1,655,000,000; in 1900 it was $2,280,000,000; and in 1905 over $3,000,000,000. And so one might go on recording phenominal growths of almost everything which the earth yields in return for man's labor. And never before had there been so rapid an increase in the number of laborers available. We could bring in labor free and in this period we used the privileges as never before. Immigration which in 1897 was but 230,000 rose in 1900 to 448,500; and in 1905 to over 1,000,000. The great bulk of these newcomers were men of a working age, that is, over fifteen and under forty. These great numbers were added annually to those who already were at work in the country until in 1900 nearly 30,000,000 people were busy in this country, drawing from the earth the materials of wealth, moulding them to men's uses, and transporting them to the markets where they were

wanted, and these markets were not those of the United States alone. Our home consumption was enormous, but we bought and sold with all the nations of the earth in constantly increasing quantities, selling always many millions more than we bought.

How much had the Dingley Bill to do with this great outpouring of wealth? It certainly did not cause it. A wave of prosperity was sweeping around the globe, as one of depression had from 1891 to 1897; England, Germany, France, and the Orient, shared in the blessings. The Dingley Bill could neither retard nor accelerate this. It could not and did not grow a potato or produce a gold nugget, but it no doubt did cause more of the materials we were producing to be manufactured at home than would have been done under the Wilson Bill. Without it much of the capital and labor given to manufacturing would have gone to agricultural uses and commerce. Sheltered from competition, men aimed to make in the country all that a highly prosperous home market would consume of necessaries, of novelties, of ingenious conveniences, and of luxuries. The Dingley Bill relieved the manufacturer of the necessity of considering what was doing in his trade in other nations. This enormous advantage enticed more capital proportionally than into other lines of industry. And as the industry expanded, immigration was excited. Manufacturing as conducted to-day requires much cheap labor. Save in the skilled work where comparatively few are needed, American labor — naturalized foreign labor, will not stay long. Immigration was necessary in order to supply the cheap labor the textile and the steel and iron industries needed. That is, the Dingley Bill may be credited with adding two or three hundred thousand consumers yearly to our domestic market. The value of this addition is doubtful when we examine the standard of living of the immigrants,

the amount of their earnings sent home, and the large proportion of those who are transient, that is, who return to their native land to end their days: just what this proportion is, it is impossible to say, but something of its size may be judged from the steerage passengers sailing annually from the ports of the United States. In 1900, for instance, 448,572 persons came in by steerage, and 293,404 went out. In 1905 1,026,494 came in, and 536,151 went out. The value of the increase in the size of the domestic market, which may fairly be credited to the Dingley Bill, is less impressive also when it is compared with the value of the markets of many millions we might have been conquering at this time if we had had the shipping on the seas which we once had, and which, as already has been seen, we have destroyed by prohibitive tariffs on iron and steel and lumber, and by hampering navigation laws.

The first uneasiness over the bill which its authors felt was along the line of foreign markets. We were not conquering them as rapidly as we ought, or as we must, if our tremendous production was to be disposed of. That which the thoughtful had been warning against was happening. In our zeal to produce, we had not intelligently arranged what we were to do with our products. The Dingley Bill had, it is true, provided a scheme of reciprocity. The really important provision in the scheme gave the President power to negotiate trade treaties with any country, subject to ratifications by the Senate. Mr. McKinley soon after his inauguration appointed a special plenipotentiary to negotiate these treaties, — John H. Kasson, who had always been a moderate protectionist, and who had seen the capitulation of the party to the manufacturers of the country with disgust and dread. Mr. Kasson undertook the work with enthusiasm. By 1900 he had several treaties signed and before the Senate. The most important one was with France. By this treaty

we could import into her territory a very large number of articles at a minimum duty, and we in return were to give her a reduced duty on many of her products. Not only Mr. Kasson, but Mr. McKinley himself urged the ratification of these treaties. There was no doubt but that the public generally favored them. But there had appeared in opposition the same forces which had made the McKinley Bill, the Wilson Bill, and Dingley Bill what they were, — political measures, trading contracts, by which for so much influence, so much duty was given. These nervous, superstitious, and greedy forces decided against reciprocity. The nature of their opposition was very well summarized in one of the hearings on the subject by a manufacturer who was himself in favor of the French treaty.

"We have striven to know, both before coming to Washington and since our arrival here, what are the objections to the treaty. We have been informed that the knit-goods manufacturers have been opposed to the ratification of the treaty. We are now informed that of the $100,000,000 worth of knit-goods consumed in the country last year, only $240,000 came from France. We have been informed that the manufacturers of pottery and silks were opposed to the ratification of the treaty. We are now told that both industries have admitted that no injury would be suffered by them. We have learned that the manufacturers of spectacles have believed that they would suffer injury, but they were shown that there would still remain to them eighty-eight per cent of the present tariff; they have been satisfied to believe that no injury would come to them. We have been informed that the manufacturers of imitation jewellery object to the ratification of the treaty. We understand that the treaty proposed to reduce the duty from 60 to 57 per cent. We are further informed that the probabilities are that the result of the treaty will increase far more largely the exports of this class of manufacturers from the United States to France than they import from France to the United States.

"We have heard that opposition to the ratification of the treaty has been based upon the proposed reduction in our tariff on prunes. We find that our exports of prunes to France amount to $260,000, while the imports of prunes from France to the United States amount to $14,000. We have understood that manufacturers of chemicals, gloves, and braids have stated that they will be injured by the ratification of the treaty. After an honest effort to learn the facts in the case, we are reduced to the conclusion that in actual working of this treaty the injuries suffered by them would be problematical in every case, and imaginary in most cases."

Treaty after treaty was negotiated, but in spite of urgency from the most respectable sources, Congress refused to act on them, and finally in March, 1901, Mr. Kasson resigned. His chief did not give up the cause, however, for in the memorable Buffalo speech of September 5, 1901, Mr. McKinley said:

"The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not. If, perchance, some of our tariffs are no longer needed for revenue, or to encourage and protect our industries at home, why should they not be employed to expand and promote our markets abroad?"

The very essence of all this opposition to free or freer exchange on the part of the manufacturers was the fear of lower prices and cheaper goods. They held as a part of their narrow economic philosophy, the theory that the cheap coat makes a cheap man, that prosperity means limited production and high prices. At bottom, the manufacturer eliminates from his calculations all consideration of the consumer. But the consumer exists, and finally, in spite of the enormous prosperity of the country, the consumer was heard from. The Dingley Bill about 1900 began to hit the rocks for which it had from the start been headed.

CHAPTER XI

WHERE EVERY PENNY COUNTS

THE last man to be heard from in the making of the Dingley Bill, as indeed of its predecessors, was the man who was to buy the goods. In 1896, when the tariff hearings were going on, Mr. Louis Brandeis of Boston, at that time unknown outside of his own professional circle, appeared "for the consumers" as he told the Committee. He was laughed at for his pains. "What's the use?" was Mr. Dalzell's protest; "Oh, let him run down," his sneer, when Mr. Brandeis insisted that it was his right to say what he thought about duties which made his necessaries dearer. A recurring note in the hearings held in Washington, before the Payne-Aldrich Bill, was contempt for the suggestion that this or that duty made an article cost a cent or two more at retail. What was a cent to a consumer! This was particularly noticeable in the argument of the wool interests. What if the tariff did make the cloth for a suit of clothes a few cents dearer a yard — it did not add a large amount to the price of the cheap suit. It was not worth considering.

What is a cent to a consumer? Are there a considerable number of people in this country living on incomes so small that a rise of a cent or two in the price of necessary articles of food and clothing can make a material difference to them? To most Americans "the poor" in the United States are a negligible quantity. We think of them as the frayed and falling fringe on our great fabric of "comfortable off" popu-

lation — largely what they are by their own indolence or inefficiency. But is this true? Is it not true, on the contrary, that the great majority of the inhabitants of the country, the great mass of hard-working, industrious men and women are poor? The statistics of the distribution of wealth should be often set before those hopeful souls, who, prosperous themselves, love to insist that, in this country at least, "all is for the best in the best possible of worlds."

We have 92,000,000 people in the United States. Perhaps there are a few thousand millionnaires among us, perhaps a few hundred thousand having an income of ten thousand dollars or more. But in contrast to them there are millions of individuals whose wage is *under* a thousand. Look over the average yearly wages in our best-paid industries. Take the one which boasts of paying the highest wage — the United States Steel Trust. According to its last report the average wage of its 195,500 employees, *including* its foremen and clerks and managers, whose salaries in some cases are $10,000 even $25,000 a year, was but $775. In 1905 the average yearly earnings of the men in the cotton industry was but $416. In 1907 the mule spinners in the Massachusetts woollen factories averaged $13.16 a week, the dyers averaged $8.58, the weavers $11.60. There are probably several millions of white families in the United States whose average wage is not over $500 a year. When one comes to examine industries generally, the surprise is not how *much*, but how *little* the great body of wage-earners receive. People must live on small earnings in this country, as everywhere. In order to accumulate enough to provide against sickness and old age they are obliged to practise a thrift which frequently is hateful, it is so cruel. Moreover, genuine thrift requires so much training, intelligence, and self-denial that comparatively few are prepared to practise it, even with the best of intentions. This is the hard fact,

and yet the Congress of the United States for fifty years has fixed taxes on the food and clothing and shelter of these people with no apparent consciousness of their condition. They were the "ultimate consumers" — terms in a problem — not suffering, struggling men and women.

If one would know with something like scientific precision what it means for a family to live on $500 or less a year in a city like New York, for instance, if he would realize the relation of a rise of even a cent in the cost of a necessity to the comfort of the multitude of working girls in this country on $6.00 and $8.00 a week, he should study the various investigations recently made into the budgets of these two classes. They demonstrate that if one is to take care of a family of five persons in New York City on $500 a year, or of himself on a wage of $6.00 or $8.00 a week, he must think before he buys a penny newspaper, and he must save and plan for months to get a yearly holiday for the family at Coney Island; that there is practically no possibility of a nest egg or of schooling for the children beyond fourteen years of age, that sickness means debt or charity, and that the accumulation of those things which make for comfort and beauty in a home is out of the question. To these families an increase of a cent in the price of a quart of milk is something like a catastrophe. To these girls, every penny added to the cost of food, of coal, of common articles of clothing, means simply less food, less warmth, less covering, when at the best they never can have enough of any one of these necessaries. These budgets are a powerful demonstration that the rapid rise in the cost of living under the Dingley Bill was to a vast number of people of this country nothing less than a tragedy, for what is true in New York City is equally true in Chicago, in Pittsburg, and in many factory towns. The statistics, which show the rise in prices from 1897 onward, are as sensational as those which

show the increase in national wealth. For instance, take what the bulletin of the Labor Bureau calls the "annual per capita cost of the necessaries of daily consumption." It rose from $74.31 in 1896 to $107.26 in 1906. Coal which cost $3.50 a ton in 1896 cost $4.50 in 1906. Manufactured commodities were 32 per cent higher in 1906 than ten years before, raw commodities, 50 per cent higher. "All commodities" averaged 35.4 per cent higher. Rents soared everywhere. That wages increased largely in many industries in this decade is equally true, but that they increased correspondingly in any but the most favored industries — those where either the Unions exercised compelling power or those where the managers were unusually enlightened — is doubtful. A government investigation of the wages in about 4000 establishments, employing 334,000 persons, engaged in manufacturing and mechanical industries, the kind of establishments where, of course, the forces which raise wages act most freely and successfully, shows that in 1906 the weekly wages of the 334,000 were 19.1 per cent higher than in 1896, while, as said, the cost of all commodities was 35 per cent higher. Wages increased 3.9 per cent in 1906 over 1905, while the cost of the commodities increased 5.9 per cent. Now what does this mean? Why, simply this, that at a time when wealth was rolling up as never before (this country increased its wealth between 1900 and 1904 by about twenty billions of dollars), a vast number of hard-working people in this country were really having a more difficult time making ends meet than they have ever had before. It also means that in a great number of other hard-working families the increase in wages had been so little in excess of the increase in the cost of living that it may be almost said to have been a discouragement instead of a comfort, by intensifying the common conviction of the working-man that no matter how

much he earns he will still have to spend it all in the same hard struggle to get on, that there is no such thing for him as getting ahead.

There is no escaping the seriousness of such a situation. The only chance of peace and of permanency in this country lies in securing for the laboring classes an increasing share of increasing wealth. It is not enough that the wages of men keep up with their forced expenditures, — they must go beyond. There must be a *growing* margin between the two — a margin wide enough for the laborer to see it, and to be able to draw hope and encouragement from it. When the margin has shrunk or not visibly increased, unrest and discouragement must follow. There is no doubt that a great number of employers in this country recognize this principle, and thousands of them are struggling to meet it by increasing wages. But there is another duty for us, and that is to keep down the cost of living. And it is this duty which the makers of tariff bills have always refused to face squarely and, as far as the tariff had any relation to it, honestly to discharge. That the Dingley Bill had not been the only cause of the increasing burden which the consumer bore is true, but it was a real cause, and in the case of certain essential common articles, almost the only cause. Take for illustration the case of the tariff and spool cotton. Spool cotton is as necessary an article of daily consumption in the household as fuel or cloth. Many women with families, on $500 a year, many shop and factory girls on $6.00 or $8.00 a week, make their own clothes. Not infrequently these women in their work are obliged, when not protected by a Union, to furnish their own thread. For many years the price of the ordinary 200-yard spool cotton was 5 cents, twelve spools for 50 cents, when suddenly in 1900 it was advanced to 6 cents, about double the price it was selling for in England. The cause of the advance offers one

of the nicest studies we have of the beneficent effects on prices of a tariff combined with a trust.

The leading brand of thread which was sold in 1900 at 6 cents in New York and about half that in England, is made by J. & P. Coats, Limited, of Paisley, Scotland, and by the Coats thread combination in this country. The Coats House is the oldest and most progressive thread house in the world. It early saw the advantage of establishing a factory in the United States and competing for the American trade under the protection of the tariff. Other English firms also saw the advantage, chief among them the Clarke Mile End Spool Cotton Company of Newark, New Jersey. A few years ago the Coatses realized that a combination of the English concerns doing business here would be profitable, and one was brought about, the products of the amalgamation being handled by the Spool Cotton Company of New York City. In 1897 some sixteen of the English competitors of the Coats's concern combined in a $10,000,000 trust, called the English Sewing Cotton Trust. The J. & P. Coats Company took $1,000,000 of the stock, and at least once since has helped the organization out of trouble by lending it $2,000,000. Thus the two concerns are working together. The next year, after the English combination was formed — 1898 — an American Thread Trust Company was formed. It was made up of the thirteen leading American concerns, — all, indeed, but one of the large domestic companies went into it. No sooner was this done than the English Trust bought the majority of the American Trust's stock. Here, then, was an English Trust owning and controlling the American Trust and dictating its policy from the other side of the water. And this British Trust was affiliated and partly owned by the still larger concern, the J. & P. Coats Company. It comes down to this, that the $48,000,000 Coats concern controls practically the

thread business of England and America. No sooner was the English control complete here than the price of thread was advanced.

Mr. Archibald Coats, the head of the Paisley concern, when twitted with using his monopoly to put up the price of thread, insisted that the advance was due entirely to the higher costs of materials. Moreover, he said, the concern was not a monopoly, that there were in the world 180 thread concerns outside of those in which he was interested. Mr. Coats's materials were higher — cotton, fuel, spool-wood, had advanced, but on the other hand, Mr. Coats himself called attention to the savings he and his colleagues effected by their combination, both in manufacturing and in selling. These economies the representatives of the American end of the Trust told the Industrial Commission in 1900 were "immense," "tremendous." Mr. Coats stated in his report of 1906 that the profits of his concern in the second five years of the combination — that is, after the price of thread went up, and also after the price of materials had gone up — were nearly a third greater than in the first five years. They certainly were highly satisfactory, — a profit of $12,636,000 a year on a capital of $48,600,000 is doing well! The fact seems to be that through a monopoly in this country which it was possible to perfect only because of the high tariff on spool cotton which had cut off all competition from the 180 concerns which in free-trade England might affect him somewhat, Mr. Coats was able to sell his thread here at a higher price than he did in England and to increase his profits in five years by some 33½ per cent, and this in a time when his materials had largely advanced. That is, Mr. Coats and his friends had been able to make the millions of this and other lands bear all the fluctuations and vicissitudes of the thread trade. Whatever happens, he could protect himself and his favored

workmen from sharing any of the losses of his business; he could even increase his profits.

One of the necessary articles which steadily advanced in price after the Dingley Bill passed, was shoes. It was an advance which was particularly hard on the poor, for shoes are one of the heaviest expenses in clothing a family. One of the budgets reported in a recent investigation of living expenses in New York City was that of a family of four persons, respectable, hard-working, and anxious to get ahead. Their total income was $600. These four persons kept themselves "neat and clean" on $40.00 a year. Out of this $40.00, $11.81, *or over one-fourth of the total, went for shoes and mending shoes.* In another budget of a larger amount ($895) $61.90 was spent for clothing in a family of eight persons, and out of this $8.00 went for shoes for the father, $1.25 for the mother, $8.33 for the six children, or $17.58 of the entire appropriation for clothes and shoes. In the budget of a shop girl there is perhaps no one item which costs more anxiety than that of shoes, none more important. She *must* have them. They should be strong and weather-proof, for she must go and come in pouring rains and drifting snows. They should be well fitting, for she must often stand in them all day. The amounts spent in keeping themselves shod vary greatly, of course, according to the care of the girls, the distance they walk, the quality of the article bought; but when compared with the total allowance for clothes, the result is something appalling. Among the budgets of a recent investigation, was one of a woman forty years old, who had worked sixteen years at $6.00 a week in a well-managed New York factory. She sat at her work. She could have earned $8.00 a week by taking a place at the counter, but argued that the better clothes required and the wear and tear of standing would be really more expensive, so kept the $6.00 place. By limiting food she could save $1.00 a

week. This gave her $53.00 a year for doctor, dentist, amusements, clothing, and "extras." She spent $22.05 for clothes the year her budget was examined, and of this $7.16 went for shoes and rubbers. This woman was an especially careful person. Usually the sum credited to shoes is larger. They range from this one of $7.16 up to $26.60 spent by a girl who said she could not keep her feet dry on less than a pair of $2 shoes per month — $24.00 a year — with one pair for dress at $2.60; $26 for shoes on an income of $9.00 a week, cut down the year of the investigation to an average of $7.50 by illness!

It was hard enough for the poor to buy shoes before the Dingley tariff, but with every year since it has been harder. In woman's ordinary shoes there was an increase of something like 25 per cent in the years from 1890 to 1899. There was a corresponding increase in all varieties of boots and shoes. Say that it has been 20 per cent and see what that means to your family of four which can spend but $40.00 a year on clothes and must put $11.81 of it on shoes.

But why should the price of shoes have increased? Under the extraordinary advance in shoe machinery, it should have decreased. The shoe was pinched by a combination of tariffs and trusts which can hardly be matched in any other industry in the country. First, there was the tariff laid on hides in 1897. For twenty-five years hides had been free and cheap, for South America sent us large quantities. The shoe dealers were taking all both markets offered. But the cattle-growers of the West raised a cry that they should have more money for their hides, that Congress should pass a law which would compel the people to give it to them. In 1890 a strong appeal was made to Mr. McKinley for such a duty and it is probable that he would have granted it, so great was his reverence for the doctrine, had not Mr. Blaine interfered. The duty was not granted in 1890, but in 1897 it was given. The effect was

immediately to raise the price of sole leather. In June, 1906, W. L. Douglas, ex-Governor of Massachusetts, a shoe manufacturer, said in a public speech that since 1897 the increase to his company in the price of sole leather in a single pair of shoes had amounted to 17½ cents. Mr. Douglas figured that the tariff on hides and soles caused the people of this country to pay $30,000,000 a year more for shoes than they otherwise would. They paid this tax that perhaps 85,000 stock-raisers, herders, and drovers might get more for their cattle. It was argued that with the duty they could monopolize the domestic trade and cut off the South American trader, but that gentleman sent us more hides in 1906 than in any year since the duty was imposed! Moreover, it was not the cattle raiser who was chiefly or proportionately profited by the higher price. It was the Beef Trust, as Mr. Blaine said it would be. The cattleman received no such increase in the price of his steers as the beef men did in the price of hides. In November, 1907, the *Hide and Leather Journal*, commenting on the good thing the Trust had always made out of this particular duty, declared it was paying stock-raisers $12.50 apiece for cows, and selling the hides alone for $9.00 apiece!

But it takes something besides leather to make shoes. For one thing it takes thread — and thread, linen thread particularly, so advanced in price that it added perceptibly to the cost of making a pair of shoes. But why had thread advanced? It is a pretty study of combined tariff and trust manipulation. To begin with, we do not and never have raised in this country any flax suitable for making linen thread. In spite of this fact the Dingley Bill put a duty of $22.40 a ton on flax not dressed, and of $67.20 per ton on that which had been dressed. These were the rates of the McKinley Bill. Of course the avowed purpose of this duty was to protect the "infant industry" of raising flax for use in

manufacturing. We have a good flax acreage in this country — though it has decreased by over 1,000,000 acres since 1902. But this flax is grown not for the fibre, but for the seed, being used for making linseed oil. It is the custom not to harvest it until the seeds are fully ripe, and when that time comes the straw is too old for fibre. It is true that in the Northwest a few tons of flax are used annually for making twine, upholstering tow, and insulating boards, but practically none of this is fit for making thread, — that is, *in spite of the fact that we have been steadily paying from* $20.00 *to* $22.00 *a ton on undressed flax for many years, we have scarcely ever produced a ton fit for thread.*

Of course the thread itself is protected, and this protection has worked in the linen thread industry very much as that on cotton thread. Seeing the tariff trend here, the great linen thread manufacturers of Great Britain followed the example of the Coats's and Clarke's cotton thread makers, and came here many years ago to produce under the protection of the tariff the thread they had been exporting. This went on until the Barbours of Lisburn, Ireland, had a branch at Paterson, New Jersey; the Finlaysons of Johnstone, Scotland, at Grafton, Massachusetts; the Dunbar Co. of Gilford, Ireland, at Greenwich, New York; the Marshals of Leeds, England, at Newark, New Jersey — all of the great British companies were here to preserve the market for themselves. Most efficient masters of their business — the Barbours were a century-old house — they grew rapidly under the high protection they enjoyed. The logic of their privilege was of course what it has been in all our highly protected industries — a trust. This came about a few years ago — the Linen Thread Company of which the president is Mr. William Barbour, and the vice-president A. R. Turner. The formation of the trust did wonders for the linen thread business.

They were able to make large economies. Instead of separate mills making all the products each mill was assigned to do the work it could best do. At the same time the marketing expenses were reduced. In one of the communications to the tariff hearings of 1908–1909, a writer familiar with the industry says of these economies:

"One mill which, while independent, used to make $400,000 worth of thread per annum now makes $600,000, and another which made $250,000 now makes $400,000, an increased turn-off of about fifty per cent, and this without hiring an additional hand. This, of course, lessens the cost of manufacturing considerably. When the four mills were selling independently on this side, each of them carried stock in New York, Boston, Chicago, St. Louis, and San Francisco, and each had travelling men going over the territory. But with the advent of the combination all the stores in the various cities were turned into one, and a much smaller force is used to sell the products of the various mills."

Now of course if the theory of the trust is sound, we should get some benefit from this combination on shoe thread, the only one of its products which we consider here. But what happened to shoe thread? In the last few years every variety has advanced rapidly. Increase in cost of materials — increase in rents — rapacious dealers — the trust people tell you. But the facts are these according to an expert authority: the linen thread trust were selling their shoe threads in 1909 for at least 50 per cent more on an average than they cost them, and they were able to do this almost entirely because of the duty which protected them from foreign competition. The cost of producing in Ireland a shoe thread known in the trade as No. 1 is 40 cents a pound. In the United States it is 47 cents. The duty on this thread was 19¾ cents a pound — 12¾ cents more than was necessary to cover difference in cost

— and the trust sold the thread 71 *cents net* a pound! No. 4 shoe thread cost 53 cents to make in Ireland. It cost 64 cents here. There was a duty of 25 cents a pound on it, and it sold at $1.20 a pound, nearly *twice what it cost!* In two years (1907–1908) its price jumped *three* times.

And what is the attitude of the Linen Thread Trust toward the protective tariff? Its members signed a petition to the Ways and Means Committee in 1909 in which they prayed that the duty be kept on flax. They wished to "encourage the fibre-producing industry," they said — although they knew, nobody better, that no flax fibre for thread has ever been grown here, in spite of more than thirty years of tax paying. Of course they asked that the duty on thread be untouched!

But a high protection tariff and a trust agreement are not the only advantages the Linen Thread Company enjoys. It has an alliance which gives it a commanding strategic position in the business, and that is with the organization popularly known as the "shoe-machinery trust." This company began its life twelve years ago in New Jersey like so many of its kind. At that time, 1899, it was capitalized at $25,000,000, divided into preferred and common stock, the first at six per cent, the second at eight per cent. Six years after its organization the company underwent a reorganization. This reorganization seems to have been a way of getting rid of its extra earnings, for it presented its stock-holders with comfortable extra cash dividends as well as a fifty per cent common stock dividend. According to the last report to which the writer has had access, 1907–1908, the capital of the company had in eight years increased from $17,250,000 to nearly $32,000,000, its surplus from $1,355,914 to over $13,500,000, and the net earnings from $1,770,110 to over $4,500,000.

One may fairly ask how they did it. It is clear enough

when one looks at what they have had to go on. In the first place, the shoes of this country are now made almost entirely by machines. The first practical machine invented was the famous McKay sewing machine. It was followed rapidly by others: machines for welting, lasting, heeling, pegging, more than a score for performing the many complicated operations by which the modern "ready-made" shoe is built up. Up to 1899 these various machines were handled by different companies. But in that year the twelve most important concerns were combined into the trust named above, officially the United Shoe Machinery Company. Now there prevails and has since the days of McKay — who, by the way, was not the inventor but the promoter of the first shoe machine — a system of handling its output peculiar in manufacturing industries. It never sells, it always *rents* its machines. That is, a maker of shoes cannot buy for his factory the machines to do his work, as the ship-builder, the miller, the woollen manufacturer, can. He rents the machines for a term of years, paying a royalty on each shoe made. When the shoe machinery company was formed in 1899, it inherited this curious method. It took hold of its various acquisitions with rare energy and ability, its aim being to produce what it calls a system of shoe manufacturing. To accomplish this it proposed to "tie" together the machines it controls in such a way as to give a practical continuity of service. That is, each machine was to be so adjusted to the others that the shoe could be passed from one to another without loss of time or waste of effort. To do this effectually meant improving the old machines as well as adding new ones. The results of the combination of machines and of the improvement are extraordinary. It is a practically continuous service enabling the manufacturer to increase his product, and the laborer, who in the shoe industry is paid by the piece, to increase his earnings.

The management of the new organization proposed at the start not to raise the royalties paid at the time the combination was formed for the use of the various machines, and it has never done so. It proposed also to take off what had been a custom in the business — the initial charges for installing machines. Indeed, the company claims that while before the combination the initial charge for fitting out a factory was $12,000, it now is but $1700. In the case of many of the metallic machines, as they are called, the practice was to charge no rent, but to require the manufacturer to take from the companies certain findings, like tacks, wire nails, and eyelets; the company charged its own price, not the current one, and in this way got its pay. These prices probably were always high, but the company claims it has never raised them. That is, the new organization proposed to make no changes in what the manufacturer had been paying, but to increase its profits through the greater continuity and perfection of the service of its system.

But this of course meant that the manufacturer should use all the machines in its system; that is, all those that it had tied together. And to make sure that he did this, the company prepared a remarkable lease, requiring that all the machines it made pertaining to the bottoming of shoes beginning with the lasting of the uppers should be kept together; that is, that no outside machines for any of these processes could be used, and if an attempt was made to introduce one, the company had the right to take out the remaining machines of the system.

In addition to the regular bottoming and lasting machinery the company handled a large number of general machines, and it was specifically provided in the leases of each of these that it should not be used on shoes that had been lasted and welt-stitched, or turn-stitched on other machines than those

put out by the company. The penalty for using the leased machine with outside machines was the forfeiture of all leases in all departments — also the breach made the lessees liable to an action for damages.

The New England Shoe and Leather Association considered certain features of the leases for the metallic fastening machines so objectionable that a long series of conferences was held in 1901 with the company, and certain modifications were obtained. Thus an alternative was secured for the iron-clad lease covering the metallic fasteners by which the shoe manufacturer could use them with foreign machines by paying ten per cent more for his materials. (The rent of these machines, it will be remembered, was included in the price charged for the materials.) The penalty for disobedience was also lightened, and other concessions were obtained. Thus it is possible now to buy the general machines outright. The committee said quite frankly in its report that it was clear that the company intended to make such contracts as would give it a monopoly of the manufacture and renting of all shoe machinery, but it added it was patent that to do this it must continue to serve the shoe manufacturers better than they could be served elsewhere.

The monopoly the committee foresaw was of course inevitable. To-day the United Shoe Machinery Company owns more than ninety per cent of the shoe machinery of the country. Its profits are enormous, as the expansion noted above shows. The royalty on a pair of woman's shoes is about three cents. On a pair of man's shoes it is from four to five cents. In a factory turning out a thousand pairs a day of the former there is a royalty of $30.00 a day. The writer has talked with one shoe manufacturer who claimed he had paid $165,000 a year in royalties to the trust and upward of $100,000 for materials. Many would-be independent manu-

facturers claim they could reduce the cost of manufacture two cents a pair if allowed to own their machines. It is a common assertion among them that the royalties for the first year pay a reasonable price for the machines; that as the life of a machine is ten years, there are nine years of "unholy profits to the trust!" While discontent at the "benevolent despotism" which rules the business breaks out all over the country in spots, and a few energetic attempts are working to build up independent systems, the shoe manufacturers as a body have accepted the combination. Certainly they are getting from it such a service as they never had before, whatever the oppression. The shoe manufacturer can by the use of the "system" increase his product and the piece-paid laborer his wages. At the same time without raising royalties the company profits enormously. The person who gets no advantage is the man who buys the shoes. The royalty paid on each pair is just what it was when the trust was formed.

And what has the United Shoe Machinery Company to do with the Linen Thread Company? The president and the vice-president of the latter, Mr. William Barbour and Mr. A. R. Turner, are both directors in the former. Mr. Barbour, who is reputed to be the largest owner of the linen thread stock, is also a large individual stock-holder of United Shoe Machinery. Can any one doubt that such a relation has not been of importance to the Linen Thread Company in securing the 80 per cent of the linen thread business which it controls? Or would it be surprising, the power, the protection, and the surpluses of the two being given, if there soon was nobody outside of their fold making either linen thread or shoe machinery?

Moreover, is not the logical and almost inevitable result of the practical monopoly of these two interwoven concerns the rapid absorption of the shoe manufacturers themselves?

Why, when they own and control all machinery and linen thread, and furnish a rapidly increasing list of the findings, should they stop there? Does not the strategy of the situation, do not the same arguments, the same laws which have led to the monopoly of each and the alliance of the two, force them into shoe manufacturing? This is no new alarm. In 1901, when the New England Shoe and Leather Association made the report referred to above, it said:

"The fear has been expressed that should one company control all the machinery in use in the production of shoes it would be quite easy and enormously profitable to create a trust which would be a monopoly in the shoe manufacturing business. The committee has not discovered the remotest indication of such intention. The present managers of the United Shoe Machinery Company are unusually able, experienced men, and they know that their profits are to come from coöperation with shoe manufacturers rather than competition with them."

That was true of the profits then; it is true now, but with recalcitrant manufacturers refusing to coöperate — wanting to work out their own salvation — and with funds piling up for expansion, the "good of the shoe business," which led to the first monopoly, will probably some day point strongly to a second.

There is but one force to hinder the final absorption of the shoe business by the combinations we have been considering, and it must be admitted that this is a powerful one — there is a rival trust with as rapacious a maw and as brutal a strength as any the country has produced on the trail of the shoe — that is the Beef Trust.

Twenty years ago when the amiable Mr. McKinley was disposed to give the duty on hides, Mr. Blaine wrote him, "*It will yield a profit to the butcher* (*Beef Trust*) *only, the last*

man that needs it." Mr. Blaine prevented the duty then — but Mr. Dingley gave it, and certainly the Beef Trust has profited as much as the shoe has suffered.

But while the cost of the leather steadily increased under the duty on hides, there was going on in the Beef Trust the inevitable combination which special privileges breed. Buying practically all the cattle on the hoof, the packers owned all the hides. Hides go to tanners to be prepared for sole leather. It has always been a prosperous and widely spread business in the country. But the dream of the Beef Trust is to allow nobody to do anything directly or indirectly connected with the steer which it can do. It owned the hides; why should it not tan them? And promptly it began to "acquire" tanneries. There is no space here to go into the history of the steady absorption by the packers of this great American industry which has been going on in the last few years. All that is essential here is the fact that to-day the united packers, Armour, Swift, and Morris control fully thirty of the largest tanneries in the country. And the next step? Signs of what it will be are already abroad. Repeated rumors have come that the Armours were going into the shoe business. In the reports of the tariff hearings of 1908–1909, is a letter from the president of the Wholesale Saddlery Association of the United States protesting against the duty on hides. In this letter he writes:

"The statement that follows may appear to you very far fetched, but it is my confident personal opinion that if the condition which confronts leather manufacturers and the manufacturers of leather articles continues and advances with the same strides during the next ten years that it has during the past five, not only will the beef packers control the manufacture of the leather, but they will likewise *control by ownership the shoe, harness, belting, and other leather industries.*"

And this is only one of the several such intimations to be found in the reports. There is nothing surprising in it. That the packers should absorb the manufacturing from leather is quite as logical as that they should make leather. It was these facts and possibilities that forced the duty off hides in the Payne-Aldrich Bill, but it was only accomplished after a fight of the most unusual character.

The duty on thread was lowered in 1909, but there is no rational interpretation of the doctrine of protection which can defend that which it still carries. All that the suppliants pretend to ask is enough to cover the difference in wage cost here and abroad — enough to defend Mr. Barbour in the United States from Mr. Barbour in Ireland! According to the calculations of a practical independent thread man doing business in both countries, the actual difference in 1909 in the cost of production in Ireland and the United States in well-managed factories was not over six cents a pound. But the Payne Bill fixes the protection of the three linen threads most used in shoe-making at 15½ cents, 18¾ cents, and 20 cents. It is doubtful that this reduction is sufficient, now that the linen thread maker gets his raw material free, to produce any effect at all on the price to the trade. The duty is still grotesquely prohibitive.

When one goes over less important but still essential articles of the household, he finds numbers of them where the price advanced in the first decade after the Dingley Bill through a tariff-supported trust. Take the item of starch. From whatever product made it carried under the bill of 1897 a duty of 1½ cents a pound. Starch and its related products made from corn are now largely controlled by the Glucose Trust, as it is called — the Corn Products Company. The Glucose Trust is popularly known as a Standard Oil concern. That company has, to be sure, issued "A Protest and a

Warning" against the association of the name of the two concerns. But so long as the headquarters of the Corn Products Company are 26 Broadway, its president a director of the Standard Oil Company and four of its directors on the Board of Directors of the Standard Oil Company, the protest and warning will have little influence on a cynical public. In a statement presented at the recent tariff hearings a complainant said that since the formation of the Glucose Trust in 1902, in spite of many improvements, chemical and mechanical, corn starch which for years had sold at $1.00 to $1.50 per 100 pounds in New York sold in car-load lots at $2.65 per 100 pounds! Without the tariff, this combination could not last a day for both England and Germany could compete with them. Not only compete in price, but outstrip them in quality, for naturally enough concerns like the Glucose Trust controlling a market are indifferent to quality. Quality is a thing which men are driven to by the fear of a rival taking their market. Take this fear away and you get inferior goods — that is, the poor are not only obliged under the protective tariff to *pay* more, but to *buy* more. Our potato starch factories also do not pretend to compete in quality with the German concerns in spite of the higher prices they get. They are not obliged to make the best goods. Their market is secure without it.

Tin plate is another household necessity of which the price was sharply advanced after the Dingley Bill and the formation of the tin plate trust. Domestic tin plate which was sold for $3.43 per 100 pounds in 1896, sold in 1900, under the Dingley tariff, for $4.67. While in 1906 we were paying $3.86 for our tin plate in New York, the Englishman was getting his about a dollar cheaper. The Englishman and the Standard Oil Company! The Standard Oil Company has been, for many years, probably the largest single consumer of

tin plate in the country — practically all of the oil it sends to the Orient being put into tin cans which it manufactures itself from imported plate. One of the many curious features of our tariff laws is the system of drawbacks by which the duty on imported materials made into goods for export is rebated. These rebates or drawbacks are paid on many things, but the amount is insignificant excepting in two or three cases. Out of drawbacks aggregating something like five and a quarter millions in 1900 and five and three-quarters in 1906 by far the largest item was tin plate — $1,848,792 in the former year, $2,252,381.82 in the latter. That is, the man who in 1906 manufactured tin cans to sell to his countrymen paid about 20 per cent more for his material than the Standard Oil Company paid for what it manufactured to sell to the foreigner. Of course the home consumer of tin pails and milk pans paid the higher cost. As a result of taxing ourselves we have a tin plate industry in the United States. In 1900, as a result of the high prices of the decade preceding, 57 tin plate establishments had grown up where ten years before there were none. These 57 establishments employed about 4000 people and turned out nearly $32,000,000 worth of goods. In 1905 the industry had grown to a product of something over $35,000,000, and employed about 5000 people. In order to build up this industry, secure this product, provide places for these workmen, it has been estimated that we taxed ourselves between 1890 and 1900 fully $90,000,000. Taxed ourselves $90,000,000 and let off our largest single consumer scot free. We also have been selling abroad the tin plate we manufacture here at considerably less price than at home. And now observe how in the case of tin plate the protected American manufacturer gets even on this lower price to the foreigner. He takes it out of the laborer — *that is, the wages of tin plate workers are reduced 25 per cent on tin plate made*

for export. The Standard Oil trust gets its duties rebated on export work and the tin plate workers get their wages cut!

The contrast in results to the consumer between putting on and taking off a duty are strikingly illustrated by a comparison of the tin plate experiment with the quinine experiment. In 1879 the duty of 40 per cent on this favorite American medicine was removed by a special act of Congress. The extortion practised under the duty had been outrageous, quinine selling in 1878 as high as $4.75 an ounce. Five years after the quinine bill passed the price had fallen to $1.23 an ounce, ten years after to 35 cents, and in 1906 to 16½ cents! Far from destroying the quinine industry in this country as the manufacturer tearfully declared it would, the business goes on prosperously. Whether gains or losses come to the manufacturer the people share with him. He cannot gobble the lion's share of the one or shift the lion's share of the other as the thread and starch and tin plate and dozens of other manufacturers can.

Where prices increase faster than incomes, as they did with the great majority in the period we have under consideration, one of two things must happen, — the amount and quality of necessaries are cut, or substitutes are found. Both have happened in a rather startling way in the last twenty years in one of the materials most essential to human health and comfort, woollens. Wool, the world over, has always been accepted as the poor man's special friend. It protects against cold and damp. It wears well; it looks well. The tradition of woollen garments as a lasting household possession, one of the things which belongs to the outfit of even the humblest, is very strong in every country. "All wool" is the housewife's boast of her blankets and shawl, the young girl of her winter coat and gown, the laborer of his shirt. It is the assurance on which salesmen depend for winning cus-

tomers. It is a standard material of clothing as general and as necessary in our climate as wheat is an article of food. But for twenty years this valuable standard material has been every day receding farther from the reach of the great mass of Americans. Many housewives the country over have ceased buying woollen blankets, substituting the cotton-filled puff or "comfort." Settlement workers and district nurses say that they rarely see a woollen blanket in the houses they visit. Knit cotton undergarments and heavy knit cotton stockings are generally substituted for wool. Many thousands know they cannot think of wool, and dismiss the idea. But so strong is the tradition of wool among the people of cool climates, among Russians, Germans, etc., that a salesman in the shops of the tenement house district declares his slimsiest imitations "all wool."

A curious person can easily satisfy himself as to the quality of these "all wool" garments by boiling them in caustic alkali. The experiment is very simple and quite conclusive of the amount of wool in the article. If it is "all wool" the alkali makes short work of it, no residue is left after the boiling. Silk will also disappear. Cotton is untouched. Take a baby's shirt for which you pay 50 cents with the solemn assurance that it is "every stitch wool." It is well-shaped, finished with a neat shell edge apparently of silk, a ribbon down the front for the buttons, three rows of "silk" stitching around the sleeves. Cut the garment into two pieces and boil one for twenty minutes in a strong solution of alkali. The pieces treated compare now very favorably, fleecy lining shell edge and all, with the piece untouched. The ribbon alone has disappeared. There is not a thread of wool in it.

Try another experiment with a girl's sleeveless vest for wearing over the gown under the coat. This garment will

cost $1.25 in an East Side shop. It feels like wool and is sold for wool, but it comes out of the pot intact, a strong, durable cotton yarn vest which could have had but a small fraction of wool in it in the first place if, indeed, it had any. Its real worth is not over 25 cents.

This same experiment will show similar adulteration in many of the blankets and much of the dress goods and suitings sold to the unknowing as all wool. Vast quantities of so-called "cotton worsteds" are manufactured annually. The amount of wool in these goods has been steadily decreasing in the last few years, falling from 50 per cent to 25 per cent, and from there to practically all cotton, immense quantities of the last being manufactured for boys' and men's wear. It is from cotton worsteds and cheap shoddies that the $8.00 and $10.00 suits for women, the $10.00 and $12.00 suits for men, are generally made. The goods may be sold by the manufacturer for what they are, but at the counter the purchaser receives the express or implied assurance that they are all wool. To such lengths has the adulteration gone that it may be laid down as a fact that people on small incomes to-day rarely if ever wear anything but cotton and shoddy mixtures.

Now, that things have changed is not proof that they are worse. Because a great number of us in the United States cannot get the woollen blankets, shawls, and clothes which we once had and which are still accessible at low prices to the European laborer and peasant is not proof that we have not a better substitute. May it not be that woollen garments, blankets, and suits are a superstition? Are we not just as well off clothed in cotton substitutes?

There is no doubt cotton knit goods are admirably cheap underclothing, most of them are well fitting, and some of them are durable. Where light clothing is sufficient — and with

the general heating of houses, factories, and shops and cars, there is no longer the same need, for many people, of heavy clothing as in the old days — they are adequate. There is no doubt the young girl's cotton worsted gown looks well at the start. The cotton warp "all wool" suit of the laboring man has a correct finish, color, and style, better perhaps than of old, for finish and cut are demanded by the poorest and are achieved remarkably by the cheapest clothiers. But in two particulars the cotton substitute fails. It has not the warmth, and it does not keep its appearance. True, if a man puts on enough cotton garments he can get the same warmth. But he cannot get from cotton the same protection against storm and wet, the same safeguard where his labor subjects him to excessive perspiration. He cannot get the same comfort at night. Moreover, his garment becomes shabby, loses its shape, in much shorter time. Women can no longer make over with satisfaction the gowns they once wore a series of winters. The man's suit is no longer respectable as "long as it holds together." Those of us who must buy cheap clothes can find them at the long established popular prices, but we no longer get the warmth or the satisfaction from them.

During the discussion of the Payne-Aldrich tariff bill, evidence enough of this was laid before Congress. Mr. Nicholas Longworth, for instance, read to the Committee on Ways and Means a letter from a clothier in his congressional bailiwick in which the man declared: "*I never handled cloth of so inferior a quality as I do now. Laborers, mechanics, and farmers who use ready-made clothing are receiving practically no value for their money.*" The National Association of Clothiers were strong in their protest to Congress. "Standard winter worsteds," their committee said, "which twelve years ago ranged from twenty-one to twenty-four ounces in

weight per yard, have gradually been decreased in weight, so that they now range from fourteen to sixteen ounces per yard; standard spring worsteds which ranged from fourteen to sixteen ounces in weight per yard have gradually been decreased, so that they now range from nine to twelve ounces per yard. In consequence, a deterioration of fully thirty-three and one-third per cent in weight has taken place, in addition to the establishment of a much higher range of prices for the same qualities of goods. The clothing manufacturer, therefore, through the inability of the cloth to stand ordinary wear, is largely deprived of the opportunity to produce garments upon which a good reputation can be based."

But why should the materials which are used in our cheap clothing be unsatisfactory — why can we not get durable cheap goods, as it is certain we once could? The answer is not contained in a word. There is always more than one reason for sweeping changes in standard articles like woollen goods. However, the chief reason, the one which is more powerful than all the rest, is to be found in the complicated wool schedule which has been in operation in this country since 1867, the three years of the Wilson tariff excepted. This schedule rests upon two arbitrary and utterly unjust duties. The first of these is that on wool "in the grease," as wool is called when it is sheared from the sheep. To prepare this wool for manufacturing it is first scoured until clean, an operation which causes a shrinkage of from twenty to eighty per cent in the weight of the wool. In turning this clean wool into cloth there is a still further shrinkage. Indeed, the total shrinkage from wool to cloth is such that it sometimes requires as much as five or six pounds to make a pound of cloth; and again it requires as little as two pounds. Of course the value of the wool varies according to the shrinkage, *i.e.* according to the amount of cloth a manufacturer can get

from a given lot. It also varies according to the *kind* of cloth the wool will make, *i.e.* whether it will make a fine or coarse cloth. Now all imported "grease wool," suited for clothing regardless of its value, of the amount of dirt and grease there is in it, the amount it shrinks, the amount and quality of cloth you can get from it, has to pay a duty of eleven or twelve cents a pound. If the American wool-growers who secured this duty, to begin with, on the supposition that they would soon be able to produce enough wool to supply the home demand had been able to keep their promises, it would not have been necessary to import wool, and competition might have kept the home prices down. But the wool-growers have not for many years, if ever, produced even half of what we use. It is customary to figure the amount as much larger. "Seventy per cent of the wool we use is produced at home," the wool boomers cry, but they do their figuring on grease wool and omit altogether the wool which comes in manufactured! There is only one fair way to estimate the amount we grow, and that is to find out what we get from it after it is cleaned of grease and dirt and compare it with the clean wool, raw and manufactured, we import. Do this and we find that we really produce nearer 40 per cent than 70 per cent of what we use. In 1890 — in 1895 — in 1900 — this was the approximate proportion. One of the leading wool authorities of the country makes the relative proportion the same in 1906, *i.e.* 40 per cent domestic to 60 per cent foreign. For 1909, he figured it 37 per cent domestic to 63 per cent foreign.

Now, as said above, all of the wool imported must pay a duty of eleven or twelve cents a pound when it is "in the grease." The American wool-grower in normal and prosperous times can charge more for his wool because of this duty. He may not be able to add the full amount to his

price — in fact, it is probable that he rarely does, but he certainly gets considerably more than he could if he were not protected.

The way the duty works is clearly illustrated by a personal experience in wool-buying related by Robert Bleakie, of Boston, a manufacturer who has been making woollen goods in this country *continuously* since 1848. Mr. Bleakie's account is of a purchase of wool he made in 1897 just before the Dingley Bill went into effect, that is, when we had free wool. He had bought in Africa 223,684 pounds of wool at $9\frac{9}{10}$ cents a pound. By the time he got it to Boston it cost him $13\frac{2}{10}$ cents a pound ($29,565.83 for the lot). Now, let us suppose Mr. Bleakie's wool had not reached Boston until *after* the Dingley Bill had gone into effect, that is, until after the eleven cents a pound had been placed on grease wool. To get his wool out of the custom-house Mr. Bleakie would have had to pay the tidy sum of $24,605.22; *i.e.* eleven cents on each pound. This would have made the wool cost him, instead of twenty-nine thousand dollars, over fifty-four thousand dollars. But it was fine wool, shrinking heavily in cleaning. As a matter of fact, he got out of the 223,684 pounds he imported only 85,000 pounds which he could use. But note that he would have had to pay duty on the *entire* lot, that is, to pay it on 138,684 pounds of grease and dirt as well as on the 85,000 pounds of clean wool! Of course the duty simply shut him off from importing heavy-shrinking wool, and at the same time made domestic wool of this kind too dear to buy.

Now, there are two classes of wool manufacturers, known as carded woollen and worsted. The former, to which class Mr. Bleakie belongs, finds a large proportion of the wool they need to be heavy-shrinking — the latter use mainly the light-shrinking wool. It is the carded woollen manufacturer who

makes our heavy woollen clothes — flannels and blankets, the warm and durable "all wool" goods of the poor man. Mr. Bleakie's experience just quoted shows what the eleven-cent duty on grease wool does to his business. It takes the raw material away from it — "starves" it, as the manufacturers say. At the same time it gives his competitor — the worsted maker — a decisive advantage, for he uses mainly light-shrinking wool. It is obvious that if two manufacturers each import one hundred pounds of wool in the grease, and each pay $11.00 duty on his lot, the one which gets the larger number of pounds of clean wool will have the other at a disadvantage. Yet each will pay the same duty, $11.00 on a hundred-pound lot.

What this discrimination against those who use the heavy-shrinking wool amounts to is making wool too dear to be put into the common grades of flannels, blankets, and clothing materials. The manufacturer is forced to find substitutes. Forty-four years ago, when the duties on the coarse grades of wool were first made prohibitive, and the manufacturers were forced to find substitutes in order to make clothes that the average man could afford to buy, wool rags, wool waste, and carpet wools were resorted to. They were wool, at least, and warm. Between 1867 and 1890 the annual importation of shoddy rose from about 500,000 to 9,000,000 pounds. Then the cry went up that it was displacing wool. Prohibitive duties were placed upon all kinds of wool substitutes. By 1890 duties so high were put on all the wool substitutes that they could not be imported; that is, after taxing wool off our backs — the wool substitutes were taken away. Deprived of the advantages which the inventions for using waste gave, there was nothing left but cotton for the bulk of the substitutes used in inexpensive goods, and cotton it has been ever since. The rapid absorption by cotton of the wool

field has indeed been one of the most significant changes in American industry since the McKinley Bill of 1890. The tables of 1905 show that while from 1890 to 1905 cotton increased in the manufacturing of clothing materials about 100 per cent, wool increased only about 25 per cent. One whole department of manufacturing formerly classed under wool, is now placed with cotton hosiery and knit underwear. The decrease in the per capita consumption of wool shows still more strikingly the passing of wool. In 1890 we were consuming 8.75 pounds apiece; in 1904, 6.22 pounds, — *less* than we used in 1860!

This astonishing change in the relative use of the two materials is not all due to the tariff on raw wool. Cotton is gaining the world over. The general tendency to lighter clothing, the demand for a larger number of garments, and so cheaper prices, the failure of the world's wool production to increase and consequently its higher price — all have encouraged the change, but it is certain that the great determining factor in the United States had been this duty combined with a second mischief-maker — the ratio used in estimating the compensatory duty on all products of wool imported.

If the maker of woollens had a sufficient supply of free wool — that is, if the price of his raw material was not raised by a duty — all the protection he could rightfully ask against his foreign rival would be the difference in the cost of production here and abroad. But his wool costs him more than his foreign rival's. If he is to meet him on a level, he must be protected against wool as well as production; that is, there must be two duties on cloth which is imported — one a duty to make up for the higher price he has had to pay for his raw material, the other for the higher price of manufacturing.

These two duties vary with different grades of woollens.

The schedule is highly complex — a matter for experts only. Its results, however, are simple — and hard — enough, for what they amount to is that the cheaper the blanket or the dress goods, the HIGHER the duty! On many materials and articles suitable for the slender purse these duties are so high that none of the goods can be imported. On cloth, for instance, worth not more than forty cents a pound, the duty averages over 140 per cent; on cloth worth more than seventy cents a pound, it averages about 95 per cent.

We shall notice here but one item of the taxes which bring about this unjust discrimination, and that is the duty allowed to make up for the higher cost of the raw wool. This duty is reckoned on the number of pounds of wool in the grease supposed to be used in making a pound of cloth. Where the goods are worth less than forty cents a pound three pounds are allowed; where they are worth more, four pounds. As the duty on this wool is eleven cents, the compensatory duty on a pound of cloth is thirty-three or forty-four cents. Take the latter as an illustration, it applying to the only grades imported in any quantity. This is an out and out swindle, for the simple reason that few of them contain this amount of grease wool.

When the discussion of the wool schedule was going on in Congress in 1909, the *Textile World Record*, a remarkably able, and fair-minded Boston trade journal, published the result of a series of analyses of cloth which its editor, Samuel S. Dale, had made personally, in order to discover the actual protection each was getting under the Dingley law. The estimate in each case was based on a large quantity, 10,000 yards. Here are samples of the results. The first fabric was a worsted serge, weighing 11,500 pounds. Mr. Dale found that 21,941 pounds of grease wool had been used in this piece of cloth. Now, according to a rational and honest

application of the protective principle, one would expect the compensatory duty, in case such a piece of cloth was presented for import, to be eleven cents on each 21,941 pounds, or $2413.51; but as a matter of fact, it would be $5060! That is, forty-four cents would be charged on each pound of cloth; as if four pounds of wool had been required to make it, while as a matter of fact, less than two pounds had gone into it.

A cotton-warp dress goods was analyzed in which but a trifle over one pound of grease wool had been used for each pound of cloth. Mr. Dale calculated the compensatory duty on the 10,000 yards should be $496.65. But that cloth actually receives $2595.63! In the case of a piece of cotton warp casket cloth made of cotton, wool, and shoddy, the compensatory duty under the law is reckoned at $4262.72, while actually it should be $2238.15, and so it went. But two of the eleven fabrics contained over half of the four pounds on which the duty would be reckoned.

In addition to the compensatory duty of forty-four cents is the duty to protect from difference in the cost of production, which is 50 or 55 per cent of the value of the cloth. There is probably no doubt but this duty is all out of proportion to the actual difference. Forty-four years ago, when practically the same duties now in force on wool were wrested from an unwilling Congress by a combination of wool-growers and woollen manufacturers, all that the latter asked was 25 per cent to cover difference in the cost of production. American labor has advanced, but so has European labor — and still more has machinery increased the output.

Of course these high duties make imported cloth very expensive, and enable American manufacturers to hold up their prices. As a matter of fact, the duty makes the American consumer of woollen goods pay just about double what his

English cousin pays. In 1908 I was shown by a gentleman who has for years been at the head of one of the best of the wholesale cloth houses of New York, a bundle of matched samples of woollen goods — American and English — with carefully worked out statements of cost here and abroad. The goods had been matched by one of the leading woollen experts of England. I was unable to detect any difference in quality, and only the slightest in finish. There was practically no choice, so slight was the difference. But note the price. For an American serge costing $1.37½ a yard the price of the matched English goods in Bradford was 67 cents. The English equivalent of an American fabric costing $1.50 was 78.05 cents. Beautiful blue light-weight serges, such as are used for men's summer suits, cost in America $1.80, in Bradford 81.2 cents. The mohair which is used so much in this country for women's summer travelling suits can be bought in Bradford for 27¼ cents; here it is wholesaled at 70 cents and costs at retail $1.00. This was the showing over a large range of goods. It amounted to this, that the English price was only about half the American.

An example of the difference in cost of woollen goods was given in 1909 in Boston, where the cost of living was being investigated. Mr. Dale, of the *Textile World Record*, was being questioned on the comparative costs of American and European goods. "You can make comparisons in two ways," Mr. Dale answered; "first, by comparing prices at which the same grades are sold, and, second, by comparing the grades that are sold at the same price. For example, here are two fabrics, one made and sold in this country, and the other made and sold in England. The English fabric is sold at 3*s.* 6*d.* (84 cents) a yard, 55 inches wide. The American cloth is sold for 77½ cents per yard, 55 inches wide. So that the two are sold at approximately the same price. The

difference is represented by the difference in the two fabrics. The English cloth is a fine worsted weighing 10¼ ounces per yard, 55 inches wide; the American fabric is made with a cotton warp and a mixed cotton and wool filling. The cloth consists of 30 per cent wool, 70 per cent cotton. It weighs 9.6 ounces per yard, 55 inches wide."

In addition to this increase in prices, a most exasperating practice developed after the passage of the Dingley Bill in many protected industries — selling goods abroad at prices from 10 to 70 per cent lower than they were sold at home. The Dingley Bill had not been long in operation before the administration itself warned the iron and steel people officially that they were in danger of giving the game away if they continued to sell steel rails, for months together, to foreigners for $22.00 a ton, while they charged their compatriots $35.00. But the warning seems to have had little effect. Frank manufacturers like Mr. Schwab said, Of course we sell cheaper to foreigners; not only that, but we sell materials to our fellow manufacturers cheaper when they are to be turned into goods for foreigners than we do when they are to be turned into goods for our own people! Mr. McKinley's Industrial Commission of 1900 found considerable evidence of discriminating export prices. The contention of the corporations which admitted the practice was that it was necessary to work off surplus, and to keep factories going on full time. Mr. Thomas W. Phillips of the Commission, in commenting on this explanation in a minority report, said, "This argument overlooks the fact that their surplus product could also be worked off by lower prices at home, and that it is the tariff which encourages them to create a domestic surplus by restricting domestic consumption through high prices."

The best detailed evidence of the difference between home and foreign prices which we have, comes in the price lists

which are prepared for foreign trade-lists, which are not circulated in this country, of course. In 1906 the Tariff Reform Committee of New York City issued a pamphlet made up from discount sheets by Byron W. Holt. It is a beautiful study in gratitude! Mr. Holt names over 250 different articles on which at that date discounts of from 10 to 66 per cent lower were quoted to foreign than to home buyers! An American dealer paid $5.50 for potato hoes which a foreigner could get for $4.75. All farm tools, indeed, were sold abroad far lower than at home, thanks to the Farm Tools Trust. He paid $16.00 a dozen for wooden wheelbarrows for which the foreigner paid $14.50. He paid $20.00 for the incubator which to the dealer over the border was quoted at $15.00. He paid $30.24 per gross for soap which the foreign dealer bought for $20.48, and so one might go on with scores of articles of daily use in farming, in housekeeping, in all sorts of trades. In 1909 the same committee published a similar exhibit showing that equal advantages were still regularly offered on a great variety of articles. It sometimes seems as if the great American system for making the foreigner pay the duty had resulted in presenting it to the foreigner. He buys our goods cheaper than we can buy them, and, like Mr. Coats, establishes his factory here, and, protected from world competition, drives our own manufacturers into his combination, runs the business from the other side of the waters, and charges us twice as much as he can his countrymen!

The protected manufacturer does not always export at a discount. Very often he follows Mr. Coats's lead and establishes himself abroad. He finds it more advantageous to do this because in most civilized lands the materials of industry are free. Many years ago the duty on nickel drove the Meriden Britannia Company to build in Canada and there they still manufacture for export. In 1906 Mr. James J. Hill,

commenting on the rapid multiplication of American industrial plants in Canada, said: "A few years ago there was not a smelter on Canadian soil west of the Rocky Mountains. To-day there are six in British Columbia and these are largely occupied with the reduction of American ores. Commerce will go her own way even though she must walk in leg irons." Curious and unnatural alliances have already begun to arise from this effort of industry to escape her leg irons. Take the case of the International Harvester Company, which has been much abused, and unjustly, for selling abroad at prices lower than at home. Whatever may have been its practice in earlier years, it has been well established by the recent investigation of a government agent that the prices of its machines are *lower* in this country than they are abroad. The reason seems to be a rather nice little combination of tariffs and price fixing. For instance, the binder which in the United States sells for $125.00 at retail sells in France for $173.70. The reapers, mowers, and rakes are proportionately dearer. There are two reasons for this: In the first place France has been applying her maximum tariff to our exports, by way of meeting our high duties on her products. But after the harvesting machines get into the country, they meet another hindrance to a natural price; the importers of agricultural machines in France are organized into a general syndicate, which consists of French, German, Canadian, and American firms. These gentlemen have combined to prevent price cutting. Judging by the comparative prices of the machines here and in France, they have succeeded admirably. The Americans, in spite of the large advance they get on their goods, have not been satisfied, and the International Harvester Company has erected factories at Croix. If the reciprocity agreement with France negotiated in 1898 had been put into effect, the company claims that it would not

have taken this slice of its capital and product out of this country.

Again, it is the tariff which has induced this same company to construct factories in Canada, Sweden, Germany, and Russia. In Germany, the binders which they sell here for $125.00 are selling, according to consular reports, for $203.00. The German tariff on a binder of this kind is about $12.00. It would seem that the company ought to be able to manufacture in the United States, pay this duty, and still make good profits on the $125.00 binder. If tariffs did not have the tendency to increase rather than decrease, this might be so. Experience seems to prove that where tariff exists the manufacturer is safer on the *inside* of the wall, even though it may be that it costs him as much or more to manufacture there than it does at home. The Harvester claims that *in spite of the difference of wages, it has no hope of being able to manufacture more cheaply abroad than at home.* This is no doubt due to a factor which protectionists unite in ignoring, — the greater productivity of the American workman.

The whole situation is an excellent example of the unnatural and uncertain relations into which tariffs thrust industry. Moreover, it is an illustration of the way tariffs in the long run defeat their own purpose. The International Harvester Company did a business of $90,000,000 in 1910, *over one-third* of which was *outside* of the United States. Its future depends largely on the development of this outside market, and tariff conditions are such, thanks mainly to our own policy, that they find it advantageous to establish factories in the very countries which are our best customers!

With each year that passed after the Dingley Bill became a law, the burden of increased prices became heavier, the restraint on commerce more unendurable. There were other causes at work besides prohibitive duties, but in certain cases

these very causes could be weakened by revising the tariff. It was an obvious way of easing a bad situation, though by no means a cure-all. Through the whole citizen mass irritation at the reluctance of politicians to touch the subject, existed, and with time found varied expression. Unfortunately the leader of neither party had ever really sensed the enormity of the protective system, and consequently he could not sense the strength of the revolt which had begun. Neither Mr. Bryan nor Mr. Roosevelt had ever found in the tariff a sufficient cause of the evils they attacked so valiantly to arouse their indignation. Neither of them had ever been genuinely stirred by the unsoundness of the doctrine or by the vicious practices for which it was responsible, or by the heavy burdens it laid "where every penny counts." By all the signs Theodore Roosevelt should have been the Richard Cobden of our tariff reform, but he did not see it as a dragon worthy of his steel.

But the issue was there deep in men's minds; something oppressive, puzzling, and complicated, but not to be avoided for that reason. So strong and genuine was this popular conviction that the Republican party was forced in 1908 to declare for a downward revision of the tariff, and because of that declaration chiefly, it was able to elect its candidate for the presidency, William H. Taft.

CHAPTER XII

THE MAKING OF THE BILL OF 1909

No one can study the drift of public opinion in each of the great agitations of the tariff question in the last fifty years without realizing that at least nine-tenths of the people have stood only for such duties as would produce needed revenue and would give industries which were trying to prove their ability to exist in the United States, protection through a limited period. But when it came to the point the people have never had such duties. To those familiar with the methods of tariff-making which have prevailed over this half-century, it was obvious that the bill of 1909 would result as had the bills of 1883, of 1890, of 1894, and of 1897. There were optimists who said that this could not be. This time the "voice of the people" was too clear, this time the game was too apparent. But the game was no more clear and "the voice of the people" no louder than in other years. The preparatory work for the bill was preceded as always by long months of "Hearings." The absurdity of this method of seeking facts on which to frame a bill would be obvious enough if the country had not grown so accustomed to it. The reports published of the hearings before the Ways and Means Committee for the last bill cover something over 8725 pages. It is unbelievable that any serious body of men would consent to sit day after day to listen to such a conglomeration of narrow and selfish notions of what the witnesses' personal enterprises need to help them along — much less consent to print them at public expense. White-haired men came to

repeat the pleas that we heard in war times — sons repeated the jargon they had learned from their fathers. And never has the "infant industry" argument been more alive. All sorts of little trades sought help; for instance, from New York State came a cry for duty on basket willows; the suppliant (a woman) complained that she was obliged to compete with foreign-grown willows sent into the country by the shipload and sold far below what willows can be grown for in this country. From Virginia came a cry that mountain ivy root for making pipes be protected from the competition of brier wood. There were many more industries like these which in the nature of the case could affect but a small number of people that asked that the whole country be taxed that they be taken care of. There has never been a completer demonstration of how general the notion has become that no matter how few are benefited by a duty, it is fair to ask the whole mass to subscribe to the fund. Hundreds of pages of testimony are given to requests not to disturb the present schedules unless it be to *increase* the duty, and when sifted down the reason of the requests is not protection, but prohibition. How ridiculously lacking the testimony was in anything like satisfactory proof of the cost of production here and abroad, one has only to read to see. It was evident that almost none of the manufacturers knew the facts the committee needed. All that the great majority could offer were the phrases they had learned in their youth or had been taught by their predecessors in business. They were men influenced by a superstition, and it is probable few, if any of them, will escape from its influence until, like Mr. Carnegie, they retire from business. Then we may expect some of them to come, as Mr. Carnegie has done, with ridicule and derision for the whole system, — to say, as he did, of the duty seekers:

They are incapable of judging. No judge should be per-

mitted to sit in a cause in which he is interested; you make the greatest mistake in your life if you attach importance to an interested witness.

But it was not the character of the information presented which was the most sinister phase of the "Hearings"; it was the pressure which one felt the informer could exercise on Congress when the time came. These hundreds of witnesses, organized or unorganized, all possessed more or less political importance. They had it in their power to upset local machines, displace local bosses, defeat Congressmen, hold back campaign contributions, make endless mischief. They had been trained for years to expect reward for political support in the shape of duties. They were not going to give it up in a day. They had behind them bodies of favored workmen trained to believe that high wages depended on protection, and these favored workmen were not going to give up their creed in a night. Congressmen knew this well enough. They knew in 1909, when they began work on the Payne-Aldrich Bill, that they were in the position they had been for forty years and more — forced to make a bill with a divided mind — to fix duties with an eye to what effect it was going to have on the fall elections in their districts — on campaign funds for the next presidental election.

The absurdity, even criminality, of these methods, which have persisted so long, was completely demonstrated in the course of the Payne-Aldrich Bill in the making of the schedule which for twenty years has been the most important in our tariff, from a doctrinal and a political point of view, and that is K, the wool schedule. When the late revision was undertaken duties were in operation which had been forced from a reluctant Congress in 1897, solely by the political power of the combined Wool-Growers Association and the National Association of Wool Manufacturers. In the decade following the

adoption of the Dingley Bill the power of the former organization waned. The members of the "wool trinity" who had held so strong a whip over Congress were dead. Ohio, which had been their headquarters, no longer felt the life-and-death interest it once had in prohibitive wool duties. But the second association was as alive and ready for action as ever, and in the fall of 1908, when Mr. Taft's promises of tariff revision became reasonably convincing, the head of the Association, Mr. William Whitman of Boston, called together those in the business whose interests were identical with his, and they sought counsel with the growers of wool in the far West. In October of 1908 the two interests met in Chicago. Mr. Whitman says that this conference was called at the suggestion of the wool-growers. For people who had taken an initiative the wool-growers were very modest. They said frankly they were not prepared to talk extensively on tariff questions, that they had come to listen. Mr. Whitman did the talking, and to such good effect that the conference decided: "it is the sense of this meeting that in the coming revision of the tariff the present duties on wool and woollen goods be maintained without reduction."

Some two months later Mr. Whitman appeared before the Ways and Means Committee with an elaborate argument for preserving the wool duties. He made a particular point of defending the duty on raw wool. "Fair Play for All Interests" is the subhead under which Mr. Whitman asked that the tax on his raw material be continued. The Bulletin of the Wool Association puts the principle this way: "The traditions of the association all condense themselves into the Golden Rule" — "Do unto others as you would have others do to you; between grower and manufacturer and as between one manufacturer and another, that has always been the guiding principle."

Before Mr. Whitman was excused from cross-examination, however, a serious questioning of his interpretation of the Golden Rule was introduced into the testimony. It came from a maker of carded woollens as distinguished from worsteds, Mr. Edward Moir, of Marcellus, New York. The carded woollen manufacturers, like many other innocent Americans, took the results of the presidential election of 1908 as evidence that the tariff was to be thoroughly revised. "At last," said they, "we shall get relief." Accordingly, soon after the election, Mr. Moir, learning that there was to be a meeting of the National Association of Wool Manufacturers, and supposing that the revision of the wool schedule was to be discussed, presented himself at the gathering. To his surprise he found that some weeks before the election, about the time, indeed, that Mr. Taft's promises of downward revision were most definite and vigorous, representatives of this association had met representatives of the wool-growers of the far West, and the two had made what they called a "solemn compact" to *resist all changes in the wool schedule!* The inequalities were to stand. The carded woollen mills were to be fed carpet wool and cotton if they could get them, the man on small income was to continue to wear cotton worsteds and sleep under cotton blankets, the well-to-do were to continue to pay $1.50 for cloth they could buy in England for seventy-five cents. When Mr. Moir protested, he found he stood alone; *i.e.* he found that the *National Association of Wool Manufacturers apparently represented the worsted industry.* A little later, when the Ways and Means Committee began its hearings, Mr. Moir found that this same association was giving information on what the wool schedule needed, and that it did not include help for him. Outraged, he went to work to organize the carded woollen men. Over one hundred were soon in line, and this body carried its grievance to

the Ways and Means Committee. The reports of the tariff hearings contain some very interesting explanations from Mr. Whitman of the points of which the carded woollen men complained. Take the matter discussed in the last chapter, of collecting 11 cents on every pound of grease wool imported into the country, regardless of quality or value, or whether it shrinks 15 or 80 per cent. How did Mr. Whitman defend this duty, which is, as one can see, the very foundation of his advantage over his competitors? He defended it almost hysterically by the claim that it is only a specific duty, which will prevent undervaluation at the customs. Mr. Whitman buys his wool according to its value. He does not insist upon paying a fixed price through fear of misrepresentation. Wool is a standard like wheat and corn. Centuries of experience have made men expert in judging its value. Undoubtedly there would be efforts at undervaluation if the duty were according to value. But a specific duty does not prevent fraud — witness the Sugar Trust. Everybody knows that such cheating is dangerous work. Even the Sugar Trust, with all its cunning, has not escaped entirely. There would be little chance for the regular importer to do much cheating, and if there was a percentage of fraud, what could it amount to compared with a *duty which is always unfair*, which is actually a *legalized fraud?*

Mr. Whitman's defence of the amount of compensation allowed manufacturers for the duty on grease wool was interesting also. It will be remembered that this duty on wool worth over 40 cents a pound is 44 cents; that is, it is reckoned as if four pounds of grease wool were used in making a pound of cloth. Mr. Whitman defends this ratio, so rarely correct, by using the same argument with which Mr. Aldrich met the attack upon it in 1890 when the McKinley Bill was making.

"It is true that certain wools do not shrink so much, but *whether they do or not is not the point.* The American manufacturer must be reimbursed on the basis of the shrinkage of wools used by his foreign competitors or *available for the latter's use.*"

This is as hard to follow as the long-standing consolation offered to the complaining consumer that "*the foreigner pays the tax.*" However, it is hardly more away from the point than Mr. Whitman's second defence of the 4 to 1 ratio, which, in essence, is that it must be right because it was so fixed in 1867! Curiously enough, while Mr. Whitman defends the 4 to 1 ratio because it was decided on by the compact of '67, he insists that 55 per cent ad valorem on cloth is none too much, although in 1867 the manufacturer considered 25 per cent sufficient!

But the carded wool men were not the only branch of the industry which disputed the soundness of Mr. Whitman's "fair play for all" schedule. A few weeks after his hearing, it came out that one great branch of the woollen industry, the carpet manufacturers, had left the National Association in a body. They had wakened up to the fact that for some twenty years or so they had been serving largely as cat's-paws for the worsted makers' chestnuts. They had refused to contribute further to the organization, and frankly bolted Schedule K, asking for a common-sense adjustment of the duty on carpet wools.

The most sensational and serious attack on Mr. Whitman's testimony was made, on the very day he appeared, in a pamphlet distributed to the committee. It bore an ugly title, "How an exorbitant duty on wool tops was concealed in the Dingley law by the cunning manipulation of S. N. D. North and William Whitman." The name attached to the pamphlet as author was that of a man well known in wool circles, the editor of the *American Cotton and Wool Reporter*, Frank

P. Bennett. In proof of the charges he made, Mr. Bennett offered documentary proof of the first order. Nothing less than extracts from letters which had passed between Mr. North and Mr. Whitman at the time of the "cunning manipulation."

To those familiar with the personal relations of the three gentlemen the substance of the charges was not new. They had been first made by Mr. Bennett the year after the passage of the Dingley Bill (1898) and in very precise form. What they amounted to then was that Mr. North, although the paid secretary of the National Association of Wool Manufacturers, had worked on Mr. Aldrich's Finance Committee while it was busy with the Dingley Bill, as "the paid lobbyist of William Whitman and one other manufacturer," — that he had secured benefits for them "regardless of other interests," and that "these gentlemen now (1898) aimed at the control of the United States Census, which they proposed to secure by having Mr. North (their agent) made director of the Census!" It was an ugly looking accusation, and naturally the association appointed a committee to look into the matter. Both Mr. North and Mr. Whitman made statements. They amounted to a complete denial of all the charges, and particularly of any tampering with the top duty. Mr. Whitman showed by the documents he presented that the duty on tops as it finally appeared in the Dingley Bill was the same as that fixed by the McKinley Bill. He also showed it had been retained at the request of the wool-growers. He said that when he discovered this duty was in the Dingley wool schedule he wrote a letter of protest to Mr. Dingley, in which he said:

"As tops now stand in the proposed tariff bill, the duty is absolutely prohibitory. . . . This places me in a very awkward position before the community. Nearly everybody in this part of the

country is aware of the fact that the Arlington Mills, of which I am the treasurer, has just completed an enormous plant for the manufacture of tops, and everybody will say that, through my influence, there has been secured upon tops prohibitory duties. Yarn spinners and weavers will complain, although they may not be directly affected; but everybody who is at all jealous or envious will charge that this duty has been imposed at my solicitation. . . . The objections, then, that I have to the top rates as now incorporated in the bill are:

"1st. That they are unnecessarily high and will do nobody any good.

"2d. They are so high on the article our mills manufacture as to create unfavorable criticism."

This letter and the strong and definite denials of Mr. North and Mr. Whitman were considered satisfactory by the investigating committee, which announced that in its judgment the statements of Mr. Bennett were "malicious and unwarranted," and that he had forfeited his right to membership in the association.

The matter probably would have ended there if four years later, 1902, Mr. Bennett had not sued a Lynn, Massachusetts, newspaper for libel. When the case was tried the newspaper summoned various witnesses to prove that Mr. Bennett's newspaper, the *United States Investor*, made a practice of blackmailing concerns which did not advertise in it. Among those witnesses was Mr. Whitman. In the course of his testimony, Mr. Bennett's lawyer, Moorfield Storey, saw an opportunity to demand Mr. Whitman's correspondence over the years of the making of the Dingley Bill. The court upheld him, and all of Mr. Whitman's political letters of that period — "*My entire private correspondence, embracing correspondence with every member I have relations with, private and public*," Mr. Whitman said of the letters — were turned over

to Mr. Bennett, who at once took copies of those which interested him. It was nearly seven years before Mr. Bennett found a sufficiently dramatic moment in which to use the letters he took from Mr. Whitman's file. It came finally — the day when Mr. Whitman was explaining to the Ways and Means Committee why a wool schedule made in 1867 should be preserved in 1909.

As related above, Mr Whitman had cleared himself in 1898 from Mr. Bennett's charge of manipulating the top duty in the Dingley Bill by publishing a letter he had written to Mr. Dingley protesting *against* the duty. He had also related that Mr. Dingley had accepted his suggestion and had put it into the bill, and that the reason it had not appeared finally was that the wool-growers had objected so strenuously that the committee had given in to them. This looked all right, but there was a chapter of which Mr. Whitman and Mr. North said nothing, and of which Mr. Bennett had no proof until he got hold of the correspondence, and this chapter was published in the little pamphlet distributed by Mr. Bennett to the Ways and Means Committee on December 2, 1908.

It seems that when the top duty suggested by Mr. Whitman came to the Senate Committee in 1897 it struck a snag at once. It was *prohibitive* — just as the higher one for which it had been substituted — *the figures were different, but not their effect.* Mr. North was summoned to explain — the Finance Committee having apparently accepted him as its wool expert. Mr. North consulted Mr Whitman and an agitated correspondence followed. The letters to Mr. North show that Mr. Whitman was in great alarm lest the duty he had suggested be lowered: "No possible legislation in connection with the woollen schedule would be so dangerous to the woollen industry as legislation which would *favor the importation of tops.*" "You know how important it is, not only to me, but

to the whole wool industry of the United States, that such rates of duty should be imposed upon tops as will enable them to be made here *and not to be imported* from foreign countries." "The prosperity of the woollen industry in this country depends wholly upon the *ability of the domestic manufacturers to manufacture the tops here.*" "It is of the greatest importance that the Arlington Mills products (tops and yarns) have the *full measure* of protection accorded to associated industries." These extracts and the context show conclusively that though Mr. Whitman may not have wanted a rate so high that it would be suspicious, he was after a duty which would be prohibitive, and that he was depending upon the confidential relations of the paid secretary of the wool association with members of the United States Senate in charge of the tariff bill to secure what he wanted.

Mr. Whitman's second defence — that it was the woolgrowers, not he, that kept the high duty on tops in the Dingley Bill — loses its weight also when one looks into the origin of that duty. It first appeared in the McKinley Bill of 1890, and so far as the writer has been able to discover from an extended examination of the debates and hearings, the top duty was *devised* for the McKinley Bill by Mr. Whitman. Nobody else ever seems to have had anything to do with it. He advocated it in 1889 before the Senate Finance Committee. He presented it in January, 1890, to the Ways and Means Committee, explaining and defending it. Mr. Whitman was the father of the obnoxious top duty. He found it was suspicious. He revised it so that it would "look better," but do the same work!

In spite of ample proof of gross unfairness and trickery in the Dingley wool schedule, Mr. Payne reported it practically unchanged. As it passed the House it still gave to Mr. Whitman a prohibitive duty on his tops. The Finance Com-

mittee was equally complaisant, for, as Mr. Aldrich, its chairman, said later, the schedule as he reported it to the Senate "followed precisely the act of 1897 in every word." But when the wool schedule reached the Senate for debate, its smooth passage was over, for there on May 5, 1909, it was treated to one of the most searching analyses of duties which has ever been made in Congress. The significant fact was that it came from a Republican who had been for twenty years in Congress, and who had served on the Dingley Ways and Means Committee,—Senator Dolliver of Iowa, one of a group who, when they had discovered by the character of the bill reported from the House and by the attitude of the majority of the party in the Senate towards it that there was no intention of treating seriously the campaign promises of revising the tariff downward, had revolted: insurgents, they were called. These men all believed in the doctrine of protection, and most of them had been all their political lives under the spell of the notion that it had created American prosperity. But they were honest men, and slowly they had awakened to a consciousness that the sacred dogma had been stretched and twisted in the last fifty years until it had been made literally to cover a multitude of sins. They saw how its meaning had been manipulated to justify unscrupulous duties whose only contribution to prosperity was turning the profits of labor and natural wealth into some private pocket. They all seem to have taken without reserve the latest strain put upon the protective formula in order that it might cover whatever a manufacturer wanted, the form in which it had appeared in the Republican platform of 1908, insuring the person lucky enough to have a business which could be protected that he should have a duty which would not only cover the difference in the cost of his production, but insure him a profit. The insurgents did not object to this interpretation, but they saw

at once that Mr. Aldrich in reporting his bill had no intention, in cases where duties had been advanced, of giving the Senate evidence that the difference in the cost of production here and abroad made an advance necessary, that the facts he had he refused to make public. I asked Senator Bristow of Kansas, whom I knew to be a strong and convinced protectionist, what started his revolt against the bill? "Red paint," he replied promptly. "I was interested in that. We paint our barns with it in Kansas. I saw them putting up duties which I believed would affect its cost. I wanted to know why. I could find no reason — no proof that it was necessary. I insisted, and I soon made up my mind that they had no intention of considering the difference in the cost of production, that they sneered at the idea, that they were simply intent on giving their political supporters what they wanted. Moreover, they intended to force us to be a party to the business. It was the most dishonest and corrupt work I have ever seen, and I revolted."

The insurgents determined to demonstrate to the country the utter unscrupulousness of the leaders of their own party, and to do this effectively they divided among themselves the schedules which they knew to be most important politically and therefore to be most open to suspicion, the intention being thoroughly to master their intricacies. Schedule K fell to Senator Dolliver. Now Senator Dolliver had always been what one may call a McKinley protectionist or prohibitionist. He had followed that leader with the unquestioning fidelity which the man had the ability to inspire in many who knew him. His speeches in the '90's are brilliant and witty defences of the new interpretation of protection which the party for political reasons was trying to force on the country. They are thoroughly orthodox and thoroughly unsound. In 1897 Mr. Dolliver was a member of the Dingley Ways and

Means Committee, which seriously tried to lower the rates in all the schedules, and particularly in wool. He had seen the effort frustrated by the very group whom he knew now to be behind the wool bill which Mr. Aldrich reported. He determined to master the history and the operation of the schedule in so thorough a fashion that he could go on to the floor of the Senate or on to any platform and make clear to a popular audience its tricks and its injustices. He believed that such an exposure must in the long run kill it. Now the wool schedule is one of the most difficult in our tariff laws to understand and to explain. It is really the accumulation of fifty years of active superstition and greed. An ocular demonstration of the change in its character and its intelligibility may be had by comparing the wool schedule of fifty years ago and that of to-day as printed in the official collection of United States tariff bills. Fifty years ago wool was disposed of in perhaps fifty words, which anybody could understand; to-day it takes some three thousand, and as for intelligibility, nobody but an expert versed in the different grades of wools, of yarns, and of woollen articles could tell what the duty really is. It is a mistake to suppose that because a man has been twenty years in Congress and has served for a portion of that time on the Ways and Means Committee, he therefore understands the tariff schedules. As a rule, it is safe to say that a Congressman understands rarely the real meaning of the rates he votes for. What he understands is that the Committee has made the bill for what it considers sound party reasons, and that if he does not accept the rate, he or some colleague is in danger of defeat, and he accepts it without too much scrutiny. It is a case where it is just as well not to know too much. Moreover, it takes an amount of hard time-taking study to master a schedule, which only an occasional man has the will to give. Senator Dolliver knew that neither he nor

any other insurgent understood enough of wool-growing and wool manufacturing to cope with the schedule. Later in the course of the debate he illustrated the difficulties he encountered in spite of his twenty years in Congress. He was told that a certain paragraph was worded to conceal a trick.

"I had to read it four or five times before I could see the point where the proposition emerged," Senator Dolliver said. "I handed it to intelligent men and asked them if they saw any distinction in that language between clothing wools and combing wools, and, one after another, bright men said, 'I cannot see any distinction.' If you will get the paragraph and read it yourself, you will notice with what delicacy of phrase, worthy of poets and artists, this distinction has been wrought into the very foundation of the wool tariff." Now it was this aggregation of tricks, evasions, and discriminations that Senator Dolliver determined to master, and master it he did, by months of the severest night-work. He poured over statistics and technical treatises. He visited mills and importing houses and retail shops. He sought the aid of experts, and in the end he knew his subject so well that he went on to the floor of the Senate without a manuscript and literally played with Schedule K, and incidentally also with Senator Aldrich and several other stand-patters whose long experience in juggling with untruths had destroyed their agility in handling truths.

When he had finished his clean, competent dissection, Schedule K lay before the Senate a law without principles or morals; and yet, just as it was, the Senate of the United States passed it, and the President of the United States signed it, and it went on the statute books, even to Mr. Whitman's prohibitive duty on tops.

What made Mr. Whitman so powerful? Probably we shall not go far astray if we assert that the real reason is that

for many years he and his worsted friends have been one of the main financial reserves of the high protective wing of the Republican party in New England, and that in return they have got what they asked for. That is political ethics — or etiquette. Ever since 1888 it has been a settled and openly expressed principle in political circles that your protection shall be in proportion to your campaign contribution. In that year it was laid down officially that as the manufacturers of the United States got "practically the sole benefit of the tariff" and in prosperous years "made millions" out of it, therefore it was entirely justifiable that those who granted the tariff should, when their time of need came, put these manufacturers "over the fire" and "fry the fat out of them."

Mr. Whitman's individual support is not to be despised, but with it has always gone the support of his association. It means the support of the great "wool trust" with William M. Wood at its head, and it means also, as we have seen, the support of the wool-growers of the far West — not, be it noted, of *all* the wool-growers of the country, but of those who, like the worsted manufacturers, are getting more out of the present duties than their competitors, and are therefore most anxious to keep them. These are the men who produce a wool which on an average will yield only about 44 pounds of clean wool in every 100 pounds sheared from the sheep. Yet their protection on this 100 pounds is the same as that of the farmer of the South whose wool yields 60 pounds to every 100, or the Eastern and Middle state farmers whose wool yields 52 out of every 100 pounds. The protests of these Eastern, Southern, and Middle West farmers that they are not fairly treated were no more heeded by the makers of the Payne-Aldrich Bill than the protests of the carded woollen and carpet manufacturers. The reason is obvious enough. The Western wool-growers are as loyal and generous in their sup-

port of their Senators as are Mr. Whitman and Mr. Wood of theirs. Each group — the wool-growers of the far West and the worsted manufacturers of the East — controls a good-sized block of votes. By uniting these blocks they control probably the largest and most dependable vote of any tariff-protected interest in the country. It is a vote which for over forty years has never bolted. It is a vote which always gets what it asks, for the simple reason that it is powerful enough to defeat any duty in a tariff bill if the backer of that duty is hostile, and nobody doubts it will exercise the power if tried. It is the size and solidarity of the vote which explains why when, through the boldness of the insurgents, the most odious features in the wool business had been laid before the Senate and a motion was made to send Schedule K back to the committee for revision, it was lost by 8 yeas and 59 nays. It is Mr. Taft's reason — given frankly enough after he found the odium of allowing the schedule to stand was not going to pass. "*The interests of the wool-growers in the far West,*" said Mr. Taft, "*and the interests of the wool manufacturers in the Eastern states, and in other states, reflected through their Representatives in Congress, were sufficiently strong to defeat any attempt to change the wool tariff, and had it been attempted it would have beaten the bill reported from either committee.*" Apparently the same combine was strong enough to prevent the presidential veto the country had a right to expect from Mr. Taft.

Not less significant than the experience of wool in the Payne-Aldrich Bill was that of cotton.

When Mr. Aldrich reported the bill of 1909 to the Senate on April 12, there was lively curiosity in many quarters about what the cotton schedule would contain. Rumors were general that it had been cleverly manipulated in its passage through the Ways and Means Committee. It was said that

Mr. Payne had declared "in language somewhat exaggerated by impiety," as Senator Dolliver afterward put it, that he had been *fooled* by the gentleman who had presented the needs of the schedule to him. It was known that he was so certain of the odium of a certain paragraph which he had reported that he had risen in the House and withdrawn it. It was certain that the first publication of the schedule had drawn down an avalanche of criticism and charges of bad faith, many of them from the most respectable and best-informed trade sources. So vigorous and authoritative had the attack been that many believed that Mr. Aldrich would not venture to report the schedule which the House had sent him.

Schedule I, as the cotton schedule is known, is one of first importance. In 1905 there were over six hundred and thirteen million dollars invested in cotton manufactures in this country. The product was something over four hundred and forty-two million dollars — a big proposition from every point of view, not one to be lightly or dogmatically treated. A question of humanity, too, as well as of economics, for there were over 310,000 persons employed, 125,000 of whom were women, and 40,000 children under sixteen years of age.

It was not against the entire schedule that charges had been brought, but against that which concerns itself with woven goods — that is, sheetings, shirtings, muslins, calicoes. A very large proportion of the product in cottons comes under this head. Fully three hundred and eight of the four hundred and forty-two millions of dollars of cotton products produced in 1905 was in woven goods. Now all woven goods have been protected for many years, and so well protected that the importations in 1905 were only about eight millions of dollars — or about 2⅔ per cent of the product. These importations were not scattered over the whole group of cotton goods —

they were concentrated on the higher grades. Of the cheaper cotton goods there is almost no importation; on the contrary, we exported over forty million dollars' worth of them in 1905. What that means, of course, is that we have come to a point in making the cheap grades of cottons where we do not need much, if any, protection, since we can afford to export and sell them in competition with English-made goods.

With the higher grades of goods it is another story. We cannot make them as cheap as they are made abroad. We are turning out many really beautiful cotton fabrics, and our qualities and designs are continually improving, but they cost us more. The protection given all these better grade fabrics, however, has been sufficient to permit a great expansion in this part of the industry, and while it has not prevented importation, it has probably allowed no more than was a healthy stimulus to the industry. At least this was the opinion given to the Ways and Means Committee by the most important witness that appeared before it on cotton — Henry F. Lippitt, the general manager of the important group of Rhode Island mills in the Manville Company. Mr. Lippitt is a member of one of the half dozen or so families in whose hands the textile industries of Rhode Island are largely concentrated. His father, grandfather, and great-grandfather were cotton manufacturers. They were able men at their trade, as he is. They were also, as he is, stiff protectionists and active Republican politicians. Mr. Lippitt's father and one of his brothers have been governors of Rhode Island. He has always been one of the main stays of the party in the state — a support of the blind Boss Brayton and one of Mr. Aldrich's stanchest friends. Since the passage of the Payne-Aldrich Bill Mr. Lippitt has succeeded to Mr. Aldrich's seat in the Senate. Mr. Lippitt's expression about what was needed in the cotton schedule was accepted as authoritative,

and this is what he said on December 1, 1908, when he appeared as a representative of the Arkwright Club of Boston:

"We are going to ask you to leave the duty as it is on the cloth schedule with the exception of *some very minor points.*

"We ask that the present schedule shall not be materially changed and that cotton manufacturers be allowed to continue the operation and further development of this important industry *upon the same tariff conditions that now prevail.*

"*The importations are not so large that we feel justified in asking that the duties be increased, but we would not like to see them decreased.*"

Upon this representation of the "wants" of the manufacturers the trade rested. If Mr. Lippitt asked that the schedule be left as it was, there was general confidence that it would be done. There seems to have been little or no curiosity about "the very minor points" to which Mr. Lippitt referred. He did not make these known to the Committee itself until some six weeks later. Then in a letter written for the Arkwright Club of Boston, the leading organization of cotton manufacturers in the country, Mr. Lippitt and a fellow manufacturer, Mr. J. R. MacColl, the manager of the Lorraine Mills of Pawtucket, Rhode Island, made certain suggestions to Mr. Payne. This letter was not read at the public hearings; it was not published until the Appendix to the hearings came out. The first the public knew of it was when Mr. Payne reported his bill to the House on March 17, 1909; and then an uproar began. Far from "minor" changes having been made, it was declared that radical and complicated ones sure to bring great confusion had been introduced. To make the cotton schedule any more complicated than it has been for fifty years is in itself a severe criticism. Under the Dingley Bill cotton cloth was subject to *four* distinct classifications in fixing duties. These were based upon the number

of threads to a square inch, the weight, color, and value. Duties were graded also according to the varying fineness, weight, and value, so that there were scores of combinations in duties possible. If, after all this, the cloth had a figure worked in it, as so many of the finer goods do, there was an extra duty per square yard for that.

It would seem difficult to add anything to this complication, but Mr. Payne's bill did it. It began by upsetting an established definition in the cotton trade — a definition accepted the world over as to what the word "thread" means in appraising cloth. A thread has been a thread, regardless of how many filaments or ply were twisted together to make it. This was no longer to be so. The poor appraiser could no longer apply his magnifying glass to a square inch of cotton cloth and count the threads: he must untwist a thread and compute the number of ply! Of course this immediately threw the fabric into a higher classification than under the old law, and increased the duty on it. A cloth which counted fifty threads carried under the old law a duty of say one cent per square yard, but if these threads were three ply — and each ply must be counted by the new paragraph — then it was at once boosted into the one hundred and fifty thread class, where the duty is one and one-half cents per square yard! This was the first of Mr. Lippitt's "very minor points." But this did not end the counting business. There is a great variety of cotton cloths which have figures worked on to the body. The swisses and curtain madras are common examples of these. These figures, of course, increase the value of the goods, and the Dingley Bill provided for them by giving them an extra one or two cents per square yard, according as they cost seven or over seven cents a square yard. But Mr. Payne's bill went this duty one better by arranging that when the threads of a cloth were counted not the threads in the

body alone should be considered, but also the *threads in the figure worked on the body*. Here again the number of threads in a square inch would be so increased as to throw the fabric into a higher class and so raise the duty. Another increase came in the matter of color. Heretofore the body of the cloth had been all that was considered in estimating color, but the new law proposed that cloth into which colored figures or threads had been introduced should be called colored. A single colored thread introduced into a white piece was enough to throw it into the colored class. One entirely new duty was added, and that was a cent a yard for cloth which had been mercerized — and a single mercerized thread was enough to put a piece into this class.

Besides all this reclassification, the duties which in the Dingley Bill had been added for the value of the cloth were increased and complicated in a most irritating fashion — by dividing the values into several classes. There was one duty for cloths worth 12½ to 15 cents, another for those worth 15 to 17½, another for those worth from 17½ to 20. But who was to fix the value when the margins were so narrow? It was a temptation to fraud, — the importer naturally trying to prove that the cloth worth 13 cents was worth but 12½; his opponent, the domestic manufacturer, trying to prove that the cloth really worth 12½ was worth 13.

Mr. Payne reported a schedule then which not only raised duties on many kinds of cotton goods, but multiplied the opportunities for fraud and added seriously to the work of appraising. Mr. Payne claimed to have been entirely misled about what the new rates would do — at least about the changes in counting threads — for when the schedule came up he rose in the House and asked that the old methods of counting be restored, and he said with an emphasis which showed his disgust at the way he felt he had been tricked:

"The committee has not sought to increase the duty by that method. If they wanted to increase the duty, they *would go in the open to do it.*"

The cotton schedule came to Mr. Aldrich, therefore, under suspicion — suspicion of having been cleverly and slyly revised upwards by the advice of one of his strongest and most generous political supporters, the man who had the credit of managing his last senatorial campaign and collecting the large sums of money which it required to reëlect him. Naturally the curiosity was keen about what Mr. Aldrich would report. What he reported was, with one exception, just what Mr. Lippitt and Mr. MacColl had asked for. He did not stand for the new definition of thread which they had invented, but he did provide that the number of threads and the color should no longer depend on the body of a cloth, but should be estimated by the figure wrought into it. He practically asked that if a single colored thread was woven in or applied to a piece of shirting, it should take the added duty which was given to colored goods. He also stood by the clause which put an additional cent on all which had even one mercerized thread in them, and by the complicated specific duties which had been invented for all goods costing over 12½ cents per square yard.

Now if Mr. Aldrich believed that the rates on these particular cotton goods should be raised and complicated in this way, he was justified in raising them; but there has never been a time in the history of protection in this country when it was more imperative for a new and increased duty to be clearly explained. There was never a time when it was more necessary that all rates should be measured by the fundamental principles of protection. It was Mr. Aldrich's business to prove to the Senate that the new rates were justifiable. But Mr. Aldrich made no attempt to do anything of the kind.

On the contrary, when the charges were taken sharply to account by Senator Dolliver in an analysis which must stand as a model of the kind of criticism which every schedule in the tariff bill needs *from Protectionists*, Mr. Aldrich met him by asserting that the rates on cotton goods *had not been raised.* That all that had been done was to readjust duties in such a way as to restore the "*intent*" of the Dingley Bill, which, he said, had been largely destroyed by certain court decisions. It is easy to show how far from the fact Mr. Aldrich was in his statement. The fabrics which had been referred to the courts were few in number, including the goods known as etamine and Madras curtain goods. There had been no court decision whatever affecting the great bulk of plain cotton goods, white or colored; and yet the tables estimating duties which are to-day in use by one of the largest and most respected importing houses in this country show that the increase in duties on colored cotton cloths of from 100 to 150 threads per square inch are all the way from about 2 to 42 per cent, and as usually happens the 2 per cent increase is on the *highest priced* goods. If these same goods were mercerized, the increase in duties is from about 12 to 56 per cent. In the next higher grade of fineness (over 150 and not over 200 threads) the duties have increased from 2 to 24 per cent — if mercerized, from 14 to 38 per cent. White goods of the ordinary weaves of the same grades of fineness as those above have like increases. Not one of these cloths *was touched or could be touched by the court decisions Mr. Aldrich hid behind.*

It was inevitable that when the effect of the changes was made clear there should have been at once a cry raised that Mr. Aldrich, in allowing these increases of duties, was rewarding Mr. Lippitt for the able work it was known that he had done in the last senatorial campaign. It was pointed out that the goods affected were not common coarse goods. They

were the higher grades which are made in the Manville Mills, and well made. It was also said that Mr. Lippitt was adding to his mills a big mercerizing plant. "He expects to pay for it out of that extra cent," the cynical said. It was certainly natural and necessary that Mr. Aldrich should resent these charges, but Mr. Aldrich went a little too far in his denials, and, taken *seriatim*, they look queer, at least.

"No manufacturer has been before the Committee on Finance in regard to this schedule. Every change that was made in it was made upon the recommendation of the government experts and nobody else."

But later Mr. Aldrich said: "They (the new rates) are the creation of the *committee itself*, and no man was consulted either on the Board of Appraisers or anywhere else with reference to these provisions until the committee had decided what they should be"; and again — "The *committee* having decided what to do, they turned the matter of *regulating* the schedules to the experts of the government, and never to any manufacturer at any time."

It is probably true that Mr. Lippitt was not before the Senate committee. It was not necessary. His suggestion made to the Ways and Means Committee had been used by Mr. Aldrich almost intact. Moreover, the work of the "experts" to which Mr. Aldrich referred had been done with Mr. Lippitt. It was an open secret in Washington that Mr. Lippitt spent weeks with Messrs. Sharretts and De Vries, the government experts, whom Mr. Aldrich said first had made every change in the cotton schedule and whom, a little later, he said had done nothing of the kind, but simply *regulated* them.

Moreover, reference to "experts," coming from Mr. Aldrich at that point in the making of the bill of 1909 did not inspire confidence. Something of the character of the work "experts" had done for him in 1897 had been sufficiently demonstrated

by Frank P. Bennett, in the matter of William Whitman and his top duty. If that was what Mr. Aldrich understood by experts, then it was certain it was the kind of tariff-making which the country had set out to correct — a species of jugglery in the interests of some good campaign contributor made by a specialist willing to turn his knowledge to adroit manipulation. That there was a general suspicion around Washington that one of the "experts" who aided Mr. Lippitt, and was now aiding Mr. Aldrich, had done something of the same kind of work for the Senator in regard to sugar in 1897, only added to the severity of the criticism which greeted his effort to unload the cotton duties. However, in falling back on "experts" Mr. Aldrich was only taking us at our word. We have all talked more or less volubly about "tariffs made by experts." Mr. Aldrich gave us an example of what it may be in the cotton schedule. It turns out that it can easily be something like the familiar "business administration" of municipalities — administrations ably conducted to give the conductors what they want.

In defending the charges against the cotton schedule Mr. Aldrich made the following statements:

"The existing law, by a series of undervaluations on the part of importers and of erroneous construction on the part of the general appraisers and the courts, has been so emasculated that the interests of the cotton manufacturers of the United States have been largely destroyed in some lines. This is shown by the fact that the importation of cotton manufactures increased from $23,000,000 in 1898 to $73,000,000 in 1907." Mr. Aldrich was mistaken in his figures. The cotton importations in 1898 were over $27,000,000, and 1898 was an "off-year." The average importations in the decade 1896–1905 were over $40,000,000. Moreover, nobody knows better than Mr. Aldrich that not over $12,000,000 of the

$73,000,000 imported in 1907 referred to cotton cloths — the only thing in dispute. The other $61,000,000 was duty on our large importations of cotton laces, embroideries, and small goods like handkerchiefs and hosiery. It was a misleading statement, not unlike the statements by which the duty on mercerized goods was defended. The task of defending this fell to Mr. Lodge in the main, — the senior Senator from Massachusetts, and Mr. Smoot from Utah, being the senatorial team which backed up Mr. Aldrich in the tariff debate. Mr. Lodge's speech was most interesting. He had been admirably coached on mercerization, and he had his samples with him. He told how it had become a general process since the Dingley Bill was made — that it required new and expensive machinery and skilled labor — hence for labor's sake and the honor of our cotton trade we should give it a special duty. What Mr. Lodge did not say was that this process, in so far as it adds anything to the value of a cloth, was already provided for in the Dingley Bill. That under the protection there provided, it had become in some ten years firmly and successfully established in the United States. The latest textile directory gives a list of fifty-seven concerns which do some form of mercerizing. Some of these are on a large scale. When Mr. Lippitt appeared before the Ways and Means Committee one of the strong reasons he gave for not changing the Dingley duty was that under it the trade had been able to develop on artistic lines and to employ new processes, such as mercerization. He repeated that the Dingley duty was sufficient. Mr. Lodge's speech would lead one to believe that we had been unable to mercerize goods, that it was an infant needing protection, whereas fifty-seven establishments announce that they do the work! Moreover, Mr. Lodge failed to prove that a cent a square yard was necessary to protect the process. As a matter of fact, it was shown

by Senator Dolliver that the process costs nothing of the kind. Bills for mercerizing were shown in which the charge was but ⅛ of a cent a square yard. Other figures were quoted, but none higher than ¾ of a cent. It is probable that the process is actually cheaper here than in England or Germany, though we do not as yet do work of as high grade. All the evidence, indeed, leads one to believe that there was no sound protectionist defence of the extra duty on mercerized goods, that it was an abuse of power from start to finish.

The duties on cotton cloth in the Payne-Aldrich Bill were adopted not for lack of ample information of their nature, but in spite of it. The members of the responsible committees, the members of Congress and the Administration, not only had the debates to guide them; they had laid before them repeatedly, by the Wholesale Dry Goods Association of New York, graphic "object lessons" of what the new rates would do. Discovering that Congress was unmoved by its showings, as a last resort the Association appealed to the President for a hearing. They believed that if they could prove to him the effect of the duties on common goods, he would not permit the wrong. But the President would not see them. It is probable that Mr. Taft, knowing that it was futile to oppose the cotton duties, spared himself the ordeal of having to say to gentlemen who had a just grievance, "I can do nothing for you." It was what he had done in the case of the carded woollen men. And if Mr. Taft had offered any explanation of his inactivity, as he did in the case of the wool schedule, he would probably have said:

The interests of the cotton manufacturers of New England, New York, and Pennsylvania, reflected through their representatives in Congress, were sufficiently strong to defeat any attempt to change the cotton tariff, and had it been attempted it would have beaten the bill reported from either committee.

What made the cotton manufacturers so strong? Their alliance in tariff matters with the worsted manufacturers — nothing else. Side by side with worsted in New England and New York and Pennsylvania, in all the textile centres, is cotton. The worsted manufacturers use larger and larger quantities of cotton in their cheap goods. Worsted manufacturers are also frequently cotton manufacturers. The tariff interests of cotton and of worsted manufacturers are identical. Everywhere we find them supporting the same political combinations. Senator Aldrich has always been as liberal in supporting what the wool men wanted as he was in 1909 in carrying out Mr. Lippitt's suggestions. So loyal is he to the wool schedule that in 1909, when the attack was made by his own party colleagues on its inequalities, he made the following extraordinary statement:

"*There is no Senator sitting upon this side of the Chamber, there is no person who is acquainted with the tariffs of this or any other country, who does not know that an assault upon the wool and woollen schedule of this bill is an attack upon the very citadel of protection and the lines of defence for American industries and American labor. If the Senate destroys the relation in that schedule or destroys the schedule itself, you demoralize the whole protective system; and you destroy every line of defence which the people of this country have who believe in the protective policy.*"

Now what does this mean? We have seen that the "assault" on the wool schedule was merely the demand that its discriminations be adjusted: *there was no demand for lowering duties;* but Mr. Aldrich declared if this readjustment should be made, it would "demoralize the whole protective system" — destroy the "citadel" and the "lines of defence for American industries." Can this mean anything at all but that it would break up the wool "bulwark," the combination of politicians and favored wool-growers and worsted

manufacturers fattening off the competing branch of the industry? It can mean nothing else. Destroy the combination which has kept the old wool schedule in vogue so long, and you destroy a chief financial support of many congressmen. Break down this combination in Congress, and what would happen to cotton? It has no such wide power as wool. It could not count on getting what it wanted quietly and unostentatiously as it has always done. Allied with wool, its case has always been easy. And it was a good alliance for wool, although not a vital one, for cotton is rich, and when it comes to funds to return high tariff Senators, it is generous.

The fact is that this great politico-industrial alliance of cotton and worsted has been the backbone of protection. Not of protection as the country understood it, but of *protection as Mr. Aldrich understood it.* To Mr. Aldrich protection never has been a set of principles to be applied with care and candor. It has always been a trading system. I think it is entirely fair to Mr. Aldrich to say that from his first connection with Congress he saw that the tariff, properly worked, was the surest road to power and to wealth that this country offered to a politician. He saw the trading possibilities in it, and he intelligently and persistently gave his great ability to developing them. The backbone of the system he worked out was this alliance between cotton and worsted. In that alliance he had a dependable block of votes with which he could carry to success almost any duty which would strengthen the party, oblige a friend, or help his own pocket. This block of votes was behind practically every increase and manipulation in the bill of 1909. To Mr. Aldrich's credit let it be said that he has made as little pretence that he was not carrying on a traffic in duties as any man in the business. On the whole, he may be said to have been frank about it, especially in private.

The tariff bill of which these schedules were the backbone became a law on August 5, 1909. There was something distinctly tragic in the reception the country gave the new law. Depressed, cynical, sneering comments were heard on all sides. Congress went home anything but proud of itself. Here was a piece of legislation which had cost the entire time of a large body of legislators for more than a year, to which an extra five months' session of Congress had been given, and from it nobody carried away enthusiasm, pride, a sense of triumph, — nothing but a disagreeable coppery taste of barter and jugglery, the depressing feeling that he who has gets, as a rule, in the Congress of the United States. The only satisfaction was the negative one that at least it was over.

The pity of it was that they had had so fine a chance to do a real thing. It was a task for statesmen. The nature of it was clear enough. Nobody was for upsetting a reasonable protection. But practically everybody but the beneficiaries were for cleaning up the tariff. The evils inherent in it — and nobody of intelligence ever denied that they were many — were big, easily seen:

Enormous profits to the few; steadily increasing prices to the many; one-sided development of the country; factories growing like gourds and no ships of our own to carry the goods in; the country sacrificed to the city, the peace of God to the blare and the roar of the steel furnace. These ungrateful children of protection had grown until they threatened to crush us. And then the political enormity — the support given to a great number of over-high duties in order to secure in return the campaign funds and local influence of those who profited. These things stared us in the face on every side, and had become hateful to the people. It looked, in fact, as if they were coming to be about all there was of the protective system. There could be, and there was, no quarrel

among honest men about the necessity of doing a fair house-cleaning job.

The method seemed as clear as the task. The definition of protection accepted by the majority in this country was a reasonable one. There is scarcely a doubt that every intelligent voter knew about what it was — that it included tariff for revenue and tariff for moderate protection, until such time as an essential industry was on its feet. Now the application of such a definition ought not to be — and would not be — puzzling, if it had not become tangled with the proposition of tariff for politics only. It requires, to be sure, a large amount of exact information, but such information is obtainable through experts. It requires, too, firm and consistent rating through all the schedules. The work obviously demands to be done by disinterested persons, those who have no object except to do an honest task. That this was the only way to get a satisfactory revision everybody knew. And in the face of this perfectly clear proposition, we got a bill perpetuating all of the old abuses and made in the same old way.

This is not saying that there was not some very good tinkering in the bill of 1909. It should not be forgotten that hides and petroleum were made free, that the duties were lowered on rough lumber and print paper, and on coal and iron ore, that a temporary tariff commission was secured; but at no point did Congress or the President show a real understanding of the human cry that was at the heart of the movement which had driven them to undertake the revision.

There was a great human cause — easing the burden of our vast laboring class — knocking at the door of Congress, and it was not heeded — if, indeed, it was heard. True, there was talk of an "ultimate consumer" — a kind of economic manikin introduced for convenience in demonstration. But that

this ultimate consumer was a flesh and blood person there was no recognition.

Mr. Taft seems no more to have understood his great chance than did Congress. The only case in which he used his executive power to force Congress to correct a duty which was obviously an abuse was hides. Mr. Taft withstood a fierce attack for this duty from the forces to which he yielded in the far more important matter of wool and cotton. But it was not high-class bargaining, in which, by virtue of his office and his power of veto, he was able to wrest a few concessions, that the country had a right to ask from Mr. Taft. Leadership was his business. It was for him to make clear the great need, to inspire the great action, to create the atmosphere for high endeavor. One big ringing appeal from Mr. Taft, showing that he felt for the masses of this country and meant, if possible, that there should be a fairer division of burdens, that he saw the shame of bartering legislation for political support and meant to break the practice if he could, would have been worth many times the concessions obtained. It was the spirit of tariff reform, the zeal for honest schedules, the determination that discriminations should be done away with, indignation at the wretched and shameless alliances back of the bills, that it was for Mr. Taft to feel and to foster. But it is evident that he did not feel these things, and so could not foster them. He had an opportunity to lead in a great moral awakening on the most serious matter since the days of slavery. He did not understand the issue. He saw merely the chance of doing some tinkering, which he did manfully and effectively.

Tariff reform calls for more than lowering a duty here and there, more than appointing a Tariff Board, more than negotiating a Reciprocity Treaty, good as all these may be. It calls for an intellectual and moral revolt against the entire

system of protection as we know it. No leader can accomplish the work needed who does not go to the fight hot with indignation at the intellectual jugglery which has swamped the protective principle and weakened the country's capacity for sound political thinking and its keenness for distinguishing moral values. Never until such a revolt comes will the clutch of the greedy beneficiaries of the system be wrenched loose. The wrong done to mind and morals is a far more serious matter than any damming up of trade the policy produces. That at most can endure but a few generations. The laws of trade are too powerful to be long interrupted by unnatural barriers like prohibitive tariffs. They finally flow over them as a river over a dam, and eventually toss them aside like the drift they are. That is, all tampering with liberty and truth comes sooner or later to naught. True, in the meantime the people bear the burden. True, the end of all industrial progress, that is, the fair distribution of a production sufficient to keep in health and happiness the people of all the earth, is put off; but that is less serious than the deterioration of intellectual and moral integrity which it has required to build up our dishonest and inhuman tariff laws.

CHAPTER XIII

SOME INTELLECTUAL AND MORAL ASPECTS OF OUR TARIFF-MAKING

DIFFICULT as it would be for one to realize it who took up for the first time the present tariffs of the United States, they rest on a formula which as it always has been understood by the majority of the people of the country is not especially intricate or confusing. Put yourself back a hundred years or so, when the country was busy with agriculture and commerce and mining. We had an enormous advantage in these pursuits. We were at a disadvantage in manufacturing. To be sure, from the start we did a little. In the nature of things we would gradually do more, and what we did would be on a solid basis. But, obviously, only the born iron-master, potter, weaver, was going to practise his trade in the new country with the foreigner importing goods cheaper than he as a rule could make them. And so we decided to encourage manufacturing by taxing ourselves.

The amount of the tax decided on was to be only enough to put our would-be manufacturers on an even basis with the foreigner. This meant what? By general consent, it meant giving our people enough to cover the difference in the cost of labor. Plainly, Americans were not going to work for the same wages that Europeans did. There were too many ways in which they could earn more. The country was new, and men could have land of their own on easy terms. Commerce called them; for, having land, we were raising foods, and Europe and the Orient, worn and old and privilege-ridden,

were crying for food. They could make everything we wanted, cheap as dirt. They were eager to exchange. If we were to do our own manufacturing, we were obliged to devise a scheme which would make the wages of operatives approximately equal to those which could be earned in our natural occupations. *Thus protection was not adopted for the sake of producing generous wages for labor. It was adopted because the rewards to labor in the new country were already generous and promised to be more so.*

There is another equally important point to remember, and that is that it was expressly understood that the duty was never to be prohibitive. It was to be one that would permit the man at home to compete with the man from abroad; no more. Sensible people have always agreed that we would injure ourselves if we allowed prohibitive duties, since they would *cut us off from the stimulus of competition and also from models.*

The old countries had been for centuries making the goods we wanted. *They knew how to do it. We needed constantly before us in our markets the educational effect of their work.*

There were few, if any, at the start to deny that this taxing of ourselves to establish industries was dangerous business, undemocratic, of course — probably unconstitutional — and an obvious bait to the greedy; but they comforted themselves with the gains which they believed would speedily result. The list was tempting:

1. We were to build up industries which would supply our own needs.

2. The laborers attracted into these industries were to make a larger home market.

3. We were soon to out-rival the foreigner in cost of production, giving the people in return for the tax they had borne cheaper goods than ever the Old World could give.

4. We were to outstrip the Old World in quality and variety — another reward for taxation patiently borne.

5. We were to over-produce and with our surplus enter the markets of the world.

Nobody pretended to deny that if it was found on fair experiment that these results were impossible in a particular industry the protection must be withdrawn. Otherwise it amounted to supporting an industry at public expense — an unbusinesslike, unfair, and certainly undemocratic performance.

But what has happened when the formula has not worked? Take the failure after decades of costly experiments to grow all the wool we use, to make woollens of as high a quality and at a price equal to those of the English. Fully sixty per cent of the raw wool used in the United States is brought from other lands, and a tax of 11 or 12 cents is collected on every pound of it. Our high grade woollens cost on an average twice what they do in Europe. The fact is, the protective dogma has not, and probably never can, make good in wools and woollens. It is one of those cases where we can use land, time, labor, and money to better advantage. The doctrine of protection as well as common humanity and common-sense orders the gradual but steady wiping out of all duties on everything necessary to the health and comfort of the people unless in a reasonable time these duties can supply us better and cheaper goods than we can buy in the world market. That time was passed at least twenty years ago in wool, but Schedule K still stands. It is supported by an interpretation of the formula of protection, which, as one picks it out to-day, from the explanations and practices of the wool-growers and wool manufacturers, is only a battered wreck of its old self. It ignores utterly the time limit, the "reasonable" period in which an industry was to make good. It ignores the condi-

tion that the duty should not destroy fair competition. Moreover, it stretches the function of the duty from that of temporarily protecting the cost of production to one of permanently insuring profits. The chief appeal of those who employ this distorted notion is not to reason at all, but to sympathy — sympathy for the American working-man. Call their attention to the inequalities of the duties on raw wool, and they will tell you of the difference in the labor cost of dress goods here and in England. Tell them the quality of our goods is deteriorating, and they will draw you a picture of the blessings of the American working-man. Tell them that the wool schedule has taken blankets and woollen garments from the sufferers from tuberculosis, who certainly need them, and they will tell you that "the American people are better clothed than any other people in the world and their clothes are better made." The chief capital of the stand-pat protectionist is some variation of this appeal. The hearings preparatory to the Payne-Aldrich Bill were stuffed with them, and they were used in reply to every conceivable argument. For instance, the head of what is called the "file trust" was on the stand. It had been shown that the gentleman was selling files abroad much cheaper than at home, that he had a practically prohibitive duty, one which had reduced imports to about one per cent of the file consumption in the United States. It was also certain from his testimony that his laborers could not be getting a very large share of the duty. "Do you not think," the chairman asked him, "that if the tariff is laid in the name of labor, labor ought to get the tariff?" Here is the answer he received:

"*If you will pardon me for expressing one little thought, I will say that I walked down this morning from the Willard, and saw a pair of horses, a beautiful cart all equipped with fruit, vegetables, and one thing and another. I can close my eyes and*

see that condition over on the continent of Europe, with barefooted women in rags, with a few Newfoundland dogs, or some other kind of dogs, hitched up with a string harness to the cart, and a few vegetables, that they are pulling around."

There is no reason to doubt that the gentleman saw on Pennsylvania Avenue the prosperous cart he described. There is no doubt he might have found on the continent of Europe his "barefooted woman in rags." But if he had crossed over to the Washington market, he would have found on its outskirts numbers of men and women, some of them white-haired, who have brought in that morning from great distances out of Washington on their backs or behind tottering mules, pitiful handfuls of field flowers, wild roots, and perhaps a bunch or two of garden stuff, quite as pathetic a spectacle as the pathetic one with which he was trying to befuddle the Ways and Means Committee. All over Europe he will find as prosperous vegetable carts as those he saw in Washington — all over the United States on the outskirts of the cities he will find, if he will look, women picking up coal and bits of wood along the tracks of railroads and in the yards of factories, and see them carrying their pickings home on their backs. The gentleman indeed will rarely enter or leave an American city on a railroad that he will not see something of this kind.

Any one who has observed the life of the working-man on both sides of the Atlantic knows that wages, conditions, opportunities, are vastly superior as a whole in the United States. It is a New World, with a New World's hopes. But it is only the blind and deaf who do not realize that the same forces of allied greed and privilege which have made life so hard for so many in the Old World are at work, seeking to repeat here what they have done there. The favorite device of those who are engaged in this attempt is picturing the

contrast between the most favored labor of the United States, and the least favored of Europe. It is a device which "Pig Iron" Kelley used throughout his career with utter disregard of facts. Mr. McKinley followed him. In the course of his defence of the tin plate duty he read, with that incredible satisfaction which the prohibitive protectionist takes in the thought that his policy may cripple the industry of another nation, an English view of the effect the proposed duty would have in Wales. "The great obstacle to tin plate making on a large scale in the states," said the article, "is the entire absence of cheap female labor." Mr. McKinley paused and said impressively, "We do not have cheap female labor here under the protective system, I thank God for that." And yet at that moment in the textile mills of New England, of New York, and of Pennsylvania, not only were thousands of women working ten, eleven, and more hours a day, because their labor was cheap, but thousands of children under twelve years of age were doing the same.

The "American working-man" has long been the final argument in every tariff defence, the last word which routed both statistics and common-sense. This was Mr. Aldrich's clincher when he worked so hard in 1909 to continue or to increase the duties of the Dingley Bill. "*Protective duties are levied for the benefit of giving employment to the industries of Americans, to our people in the United States and not to foreigners,*" he said, and reiterated in a variety of ways. But take Mr. Aldrich's own tariff-made state and examine in detail the experiences of its laborers. Rhode Island is one of the most perfect object-lessons in the effects of high tariffs in this or any land. An object-lesson should not be overlarge. It should be something you can see, can walk over if you will. Rhode Island satisfies this condition perfectly. In the matter of the protective tariff Rhode Island is the more useful

as an object-lesson because she was a well-developed state when the system was applied to her. She had at the beginning of the nineteenth century flourishing farms and some 40,000 sheep. She was exporting annually between two and three millions of agricultural products. She was building many ships, and from her fine ports carrying on a varied and lively trade with other lands. She was well advanced for the time in manufacturing. Long before the Revolution, Rhode Island's iron foundries turned out cannon and firearms, anchors and bells and all sorts of small wares. When the cotton factory came — and she had the first in the country, the Slater factory of Pawtucket, she was able to make her own cotton machinery. In the manufacture of woollen cloth, she took a prominent place from the start.

It was then to an all-around development that our policy of high protection was applied in this particular state. Under its stimulus her manufactories have multiplied and enlarged in a truly magnificent fashion. The story of this development cannot be told here, but like all stories of rapid growth it excites and dazzles. The results are sufficient for the present purpose. In 1909 the manufacturing plants of Rhode Island turned out goods worth $279,438,000 — about $375 for each man, woman, and child in the state. But while she has been making things to sell at this prodigious rate, she has ceased entirely to build ships and send men to sea to trade. That is, while high duties were stimulating mightily the making of all that went into ships, they were making the ships so costly to buy that nobody could afford them. Rhode Island had her factories, and part of the price paid was her ships — her ships and her farms, for her farms steadily and surely went to pieces. To-day she has not over 4000 sheep, one-tenth of what she raised fifty years ago. Between 1880 and 1900 the improved land decreased by 17 per cent. She

is practically dependent on the world outside for food. She buys her apples on the Pacific coast, her flour in the Mississippi Valley, and her meat from the Beef Trust.

But what has the tariff to do with the neglect of the Rhode Island farm? Everything. A farm is a family affair as no other industry is. It yields its best only when it passes down from generation to generation. Tenants, however faithful, are not sufficient. It demands its own, and in Rhode Island its own has deserted the farm for the factory. Quick fortunes seemed to lie that way. It seemed to demand neither the patience nor the drudgery; it was ready money at least, and the young men and women left the farms to the old people, and the old people died. Those who followed them were but dregs of the old communities — the shiftless, the weak, the ignorant, and the unambitious. The farm yearly dropped back and it lies to-day a forlorn and unkempt relic of its old self.

All Rhode Island then flocked to manufacturing, until to-day the one thing in the state which sticks out above everything else is the factory. It is the factory in which capital is invested and from which dividends are drawn. It is the factory which employs the population. It has been estimated that three-fourths of the people are dependent upon the textile mills alone. The great body of breadwinners in Rhode Island not directly connected with the textile trades is busy administering to the wants of the textile workers. Further, that portion of the population which does not belong to these industries is dependent upon other highly protected industries: on rubber, with its duty of 35 per cent, on machinery (45 per cent), on cheap jewellery (87 per cent), on silver and gold wares (60 per cent). That is, Rhode Island to-day is a tariff-made state, and as such should offer us ample material for an easy analysis of what the American system of protection, given full encouragement, does for a community.

As we have seen, it concentrates effort on one line, putting an end to agriculture and commerce. But this may not be a bad thing. If a state grows richer by specialization, is it not wiser to specialize? That of course depends upon how generally the fruits of the process are distributed, how greatly the condition of the mass is elevated, how much its happiness and health are improved. In a tariff-made state as in another the success of the system depends upon what the people at large are getting out of it; that is, what does it do for the American working-man? The first feature of the textile industry in Rhode Island which strikes even a casual observer is that the operatives are not Americans; they are distinctly foreigners — new-come foreigners. Less than 16 per cent of them, as a matter of fact, are born of what the industrial authority of the state calls "United States fathers," the other 85 per cent are in percentages decreasing in order of their naming here: French Canadians, Irish, English, Italians, Germans, Scotch, Portuguese, Poles, and Russians, besides a considerable number classed under "other countries." We have the surprising fact then that, as far as the benefits of the textile tariffs are concerned in Rhode Island, if the laborer gets them, it is a foreign laborer.

A second surprise awaits the student of these Rhode Island laborers blessed by protection. They are an unstable quantity. They must be constantly replaced. The "benefits" do not hold them. The success of the overseer in the textile factory has come to be judged largely by his ability to "hold labor." One of the interesting proofs of the restlessness of the operatives is the small percentage of people in the state who own their own homes. A recent careful investigation into the housing conditions of the state shows that farm-houses aside, 75 per cent of Rhode Island's population live in rented houses. That is, in one of the first settled states of

the Union, one of the most advantageously situated, one offering the best opportunities for diversified occupations, one of the richest in its per capita product and bank deposits, only a fourth of the people live in houses which they own.

But why should the laborers in an industry which the people of the United States pay so handsomely to support be restless? Why in these seventy years and more of continued and constantly increasing protection have they not become a stable, settled, home-owning body of American workmen? Surely that is what we have been taught to believe the tariff would do. The answer to a question of this nature is always complicated. Nevertheless, in this case it is answered fairly well by a review of the conditions under which the textile operative works, the wages he receives, and the money he must expend to live.

Under the most perfect conditions yet devised the making of cotton and woollen cloth is hard and wearing labor. Under the conditions too general in Rhode Island it is exhausting and dangerous. The very atmosphere in which the work goes on is against the operative. The temperature throughout the factory runs high — 80°, 90°, 100°, even, is not unusual. The work does not require this; the factory laws of England forbid the excessive temperature in which much of Rhode Island's spinning and weaving is done. Worse than the high temperature is the degree of humidity which prevails. Without a certain moisture in the air the "work does not go well." The result is a good deal of the time an atmosphere as oppressive as that which Washington and Philadelphia suffer in summer time. The ventilation in most of the factories is insufficient, and as any draft is bad for the work the windows are usually closed from end to end of the great barracks. A half hour in the atmosphere of a factory is sufficient to throw one unaccustomed to it into a steaming

perspiration. The operative usually ends the day's work in wet clothes.

Then there is the cotton lint, or "fly," as it is called, which literally fills the air. It is no unusual thing to find the air around the factory for a hundred or more feet literally alive with cotton shreds. There are contrivances for carrying off a certain amount of this dust, but there are few Rhode Island factories which have installed them, and there is no one in which, so far as I know, any energetic and scientific efforts are making to solve the terrible problem. For terrible it is. Breathe a cotton-saturated air, a damp, hot air at that, for ten hours a day and consider the condition in which lungs and throat will be.

Now these are conditions natural to the making of cotton and woollen cloths, conditions which can never be entirely corrected. They are hard and wearing, but they become dangerous in the extreme when combined with certain other conditions not incident to the industry, due entirely to the ignorance or the greed or the indifference of factory owners.

It is hard to believe that men who ask other men and women and children to labor ten hours a day in a dripping heat and an atmosphere alive with cotton and wool particles will be slow to furnish them abundant supplies of pure flowing drinking water; but a bucket or barrel filled from some outside source is frequently all that is furnished a floor of workers.

It is difficult to believe that factory owners would not be eager to see that these workers of theirs were furnished with comfortably heated toilet rooms, with every sanitary appliance; but all up and down the Pawtucket River one finds factories with toilets that cannot by any stretch of words be called respectable.

When the day's work is done the textile operative rarely

has a comfortable cloak or dressing room in which to prepare for the street. If it were merely the matter of putting on a hat and coat, this would not be serious. But part at least of the clothes ought to be changed before going out. The heat, moisture, and dust under which he has worked for ten hours make it unsafe to go suddenly into the open air without dry garments. In cold weather a chill or shock is almost inevitable. But it is rare that the factory provides a dressing room. The result is that bronchitis and pneumonia are always attacking textile operatives, weakening lungs and throat and fitting the system for the white plague, which hangs like a perpetual shadow over a textile community.

Now for fifty-eight hours of labor a week under these conditions what do they earn? How well equipped are their pockets to fight the exhaustion, the threatening diseases which are incident to their labor? To avoid exaggeration accept the figures for 1907, one of the occasional boom years which cotton and woollen manufacturers have enjoyed in this country. The average weekly earnings for 58 hours in cotton factories in that year were: For the carding room $7.80, for mule spinners $12.92, for speeders $10.62, for weavers $10.38. In the woollen industry the picker received $8.00, the woman spinner $7.25, the man spinner $12.91, the weavers $15.34.

If a man could make these wages for fifty-two weeks a year throughout his working life, if he had a thrifty wife and healthy children, his lot, if not altogether rosy, would be far from hopeless; he might even be able to realize the dream of a little home and garden of his own which lurks in the mind of every normal man, and which in the case of the textile operative is almost imperative if he is to have a decent and independent old age. For this man, however husky he may be at the start, however skilful a laborer, has always a short working life. There are few old men and women in textile

factories. By 55 they are unfit for the labor. The terrible strain on brain and nerve and muscle has so destroyed the agility and power of attention necessary that they must give up the factory, where, indeed, for several years their output has probably been gradually decreasing. As almost all textile operatives are paid by the piece the wage will gradually fall off as dexterity declines. By 55, then, if not earlier, he drops out, picking up thereafter any odd job he may.

It is this short working life of the father, with the declining wage for years before it actually ends, that makes child labor an essential factor in the solving of the problem of the textile family. Without the help of the child the father cannot support the family and lay aside enough to insure his own and his wife's future. His wage, and the wear and tear he suffers, make it impossible. The child must help.

If the children prove healthy, if they "turn out well," if work is continuous, the little home may be secured and the modest little dream may come true. But suppose that a weaver, rushing into the cold air at the end of his ten-hour day, is chilled and has pneumonia — it happens often enough. Suppose an uncovered gear or belt catches him in an incautious moment and crushes a limb or takes his scalp, or a carelessly handled machine nips off a finger — it happens all the time. Carelessness ? More often it is that the limit of human endurance has been passed. Fatigue has ceased to be normal and has become abnormal — his mind is dulled — his nerve deadened — his muscles do not respond. The wonder is that in the shrieking, devilish uproar of the factory, a tired man can keep up his habit of caution as steadily as most of them do. Suppose that, standing through the hot summer in the poisoned air of a dry closet, he falls ill of a fever. Or, if he escapes all these things, suppose that the factory goes on short time — thousands of operatives all over New England have

had their weekly wages cut in half in the last three years by short time. Or, suppose that, which has happened repeatedly in Rhode Island, he is obliged by some intolerable condition to strike and have no wage — what happens then? That happens which is more disastrous to the family than even child labor — the wife must go into the factory. So narrow is the margin in the best of times that an illness, a shut-down, disturbs the budget so that only the combined exertion of all the members of the family can save it. The mothers go into the factory, and the homes gradually go to pieces. After her ten hours at spindle or loom the woman hurries to a cold, unkempt house, which she must make comfortable and cheerful if it is to be so. Is it strange that the homes of the factory mothers are generally untidy, the food poor, the children neglected? How can it be otherwise? Her limit of endurance, of ambition, of joy, even of desire of life, has been passed. More appalling, she sees her ability to work falling off. Almost universally, women who have worked ten years in a factory have the patent-medicine habit — they are "so tired" they "take something." Is it surprising that a few of them finally discover that they can get from beer or whiskey the same temporary strength at less cost? The surprise is not that many drink, but that more do not.

Now the hope of this factory mother lies in her child, since she, like her husband, is bound to wear out at a comparatively early age. And what chance has she to bear a healthy child? They give you heartbreaking figures of infant mortality in Rhode Island, and everywhere one goes what one sees and hears confirms their truthfulness. The district nurses talk to you of "bottle babies," the factory mother being, as a rule, so poorly nourished and so overworked that she cannot nurse her child. Moreover, she cannot care for it. She must return as soon as possible to the factory. The doctor's bill

is heavy. "He" is having a hard time, the mill is running short. The baby is left to an older child if there be one, or, if there is none, it perhaps goes to one of the human institutions of the factory town — the "old woman." The old woman may not be over 50, but the factory has got all it can out of her and the factory community utilizes her by giving her its young children to care for, paying perhaps $2.00 a week. The old woman may have borne children, but she has never had an opportunity to learn to care for them properly. She is often so deaf she cannot hear them cry and she is too poor to buy them proper food, and to boot, she may be a tippler. Unless husky beyond all probability, or saved by some lucky chance — a district nurse or a sister or some other good angel — the baby dies. One should go to the cemetery to see how many die. There is nothing more pitiful in all this beautiful world than the interminable rows of little graves in the cemeteries of the factory towns.

In recent years the problems of the operative have been complicated by the soaring cost of living. Almost everything he buys is higher in price, or if he insists on a standard price, the article is poorer in quality. Take the very protected articles from which Rhode Island draws her wealth. All these 68,000 textile workers must have clothes. The price of women's all-wool dress goods increased in Providence, the centre of the industry between 1891 and 1907, over 33 per cent. There was an increase in practically all the cotton-warp goods varying from 4 to 40 per cent. Underwear in which there was any mixture of wool cost a fourth more in 1907 than sixteen years before. Cotton underwear was reported as stationary in price, though since 1907 it has risen. Bleached muslin used for shirtings was 34 per cent dearer in 1907 than in 1891. Cotton thread was 10 per cent dearer. All linens were higher, though of course the textile operatives

cannot buy much linen. That is, their own industries are taking out of them the increase in wages which this same period has seen!

Are not the conditions so hastily sketched a fairly satisfactory answer to the question with which we started out: Why should not Rhode Island have a stable, settled, home-owning body of American workmen? The hazards are so great, the wage so low, the work so uncertain, that the American workman or the foreigner, after a few years of experience here, will not remain if he can get out. He realizes that the chances are against the operative getting on in the world. What this means is that *it is not he who is getting the benefits of the protective duties which Mr. Aldrich says are laid for "our people in the United States."* He is barely getting a living, and getting it under conditions which make life to himself, his wife, and children a constant menace. The tax we pay on textiles never gets beyond the stockholders, who in Rhode Island are usually a family that for generations have run their mills and absorbed the profits — absorbed them so quietly, too, that one knows nothing of what they are save by the deceiving outward signs.

Not only has the average factory owner absorbed the lion's share of the profits, but he set his face like a flint against spending a cent of the protection he enjoys in humane efforts to make the industry more tolerable. This man, who periodically appears as a suppliant before Congress, praying for a continuation of benefits which cost this whole people dearly, will not, unless driven to it by law and outraged public opinion, protect even the children who work in his mills. It took the hard-fought labor wars of the '80's to force from the legislature of the state (then as now held in the hollow of the hands of men who live by the beneficence of this people) a ten-hour law for children, a twelve-year age limit, and proper

truant laws. But, the laws passed, no authorities were ever found to enforce them, for the very sufficient reason that all authorities in Rhode Island lived by permission of the mill owners. A Bureau of Industrial Statistics for gathering information and a factory inspector to report on the observance of the laws which labor unions and social agencies had forced from the legislature were finally secured. The first set of inquiries sent out by the Industrial Bureau was treated with contempt by the manufacturers, the Slater Club deciding what questions it would and would not answer!

According to the first of the reports issued only one corporation in the state had its sinks properly trapped, and fever was epidemic. The factories almost invariably were fire-traps, wooden structures with low ceilings, no escapes, and often with heavy wire screens *nailed* over the windows. The laws governing child labor were generally ignored. And all this was only about twenty years ago. Many improvements have been made since then, but they have been made too often in the face of the open or badly concealed opposition of the average manufacturer, rarely with his sympathetic coöperation. When men refuse coöperation with laws which concern the health and happiness of those whose labor makes their wealth possible, it is because of a stunted social sense. There are other shocking proofs of this defective development in the average Rhode Island textile manufacturer than his attitude toward humane legislation. One of them is the housing of operatives.

Stories of foul, neglected tenements in Rhode Island factory towns, drawn from recent investigation, could be multiplied. They are another of the many good reasons why the textile manufacturer finds it hard to hold labor together. They are another of the many proofs of their unwillingness to pass on to their working-men the protection granted in the name of

labor. Take them to task for housing conditions and the general attitude is one of indignation at what they call an invasion of their individual freedom. Why should they build houses for their operatives unless it pays to do so? Why should they protect their operatives from grasping landlords? And if the landlord can make more from a poor tenement than a well kept one, whose business is it? It is *his* property.

Again these mill owners practically take no responsibility for accidents. They are insured against the claims the injured may make. *All that they do is to render first aid.* After that the man or woman must look after himself unless fortunate enough to get free hospital treatment. If he gets an indemnity, he must either settle with the insurance company or go to court, where he is almost certain to fair badly. For instance, here are cases taken at random from the records for the September, 1905, session of the Providence County Courts. One is of a girl, "incapable of speaking the language," who in 1901 lost a hand from unprotected gears and cog wheels, five years later nonsuited with *costs to plaintiff!*

Here is a boy *under* fourteen who after two weeks in a mill was ordered to clean the iron cylinder of a carding machine and lost his hand. Four years later he was awarded $1100 and $12.58 costs.

Here is a case of a young Polish girl new to the mills who in cleaning a loom while it was in operation lost parts of two fingers. She did not know it was unsafe or forbidden. She saw others doing it. The court promptly gave the company costs! One might go on for pages with these cruel wrongs.

The heartbreaking part of it is that it takes but a little imagination, but a little knowledge, of what can and is being done to ease hard industrial conditions in the world, and in a scattered way in this very state, to show one how easily unsel-

fishness could redeem Rhode Island. If the textile manufacturers were, as a body, men of enlightened minds, if they had caught even a glimpse of that vision of a new and nobler industrial society which has convinced so many men and women in this country not only of the brutality and wastefulness of our present system, but of the entire practicability of something better, they might easily make of their state as perfect an example of what an industrial society should be as it now is of what it should not be.

This, then, is high protection's most perfect work — a state of a half million people turning out an annual product worth $279,438,000, the laborers in the chief industry underpaid, unstable, and bent with disease, the average employers rich, self-satisfied, and as indifferent to social obligation as so many robber barons. It is an industrial oligarchy made by a nation's beneficence under the mistaken notion that it was working out a labor's paradise. Not only is it a travesty of the principles of protection, it is a mockery of that very individualism behind which it takes refuge. Individualism does not thrive at the expense of its fellows: it appreciates that the very kernel of its own existence lies in respecting and defending the rights of others. As for democracy, what vestige of it is left in either the political or industrial machine which controls the state of Rhode Island?

Certainly the time has come when the pretence that high duties "protect" the American working-man can deceive nobody. The American working-man is not getting the duty. He pays for his higher wages by his higher productivity. It is an old and established law of industry drawn from the experience of all nations that low wages mean high cost. "The highest paid labor," says Francis A. Walker, "is that which costs the employer the least." The cotton spinner in India gets 20 pence a week — the cotton spinner in England

20 shillings, but English cottons flood India. The iron worker in Russia gets 3 roubles a week, in England four or five times as much, but it is the Englishman who supplies the markets of Europe. The cotton labor of Egypt and India receives not over one-tenth of what the Southern labor does, but it is our cotton which supplies the world. The wheat hands of the Eastern world are paid from a twentieth to a fifth of what the laborers in the United States receive, but we export vast quantities in competition with the world.

The protectionist who answers every criticism of his rates by conjuring a picture of "pauper labor" is equally conscienceless in his attitude towards the relation of protection to the two most disquieting industrial phenomena of our day, the increase in the cost of living and the multiplicity of corporations which aim to become and often are monopolies. For instance, Mr. Whitman, whose forty years of garrulous and successful defence of the present wool schedule has made him the perfect type of the lay stand-patter, does not admit that there is such a problem as the increased cost of living. He speaks of it as "alleged." According to Mr. Whitman, the newspapers have talked so much about the subject that people have been deluded into believing that the condition is actual. If there is an increased cost in living, however, the tariff has nothing to do with it. It is due to the cost of the second-class mail! "I believe it to be absolutely true," says Mr. Whitman, "that the entire cost of publishing and distributing the newspapers of the United States and the magazines is one of the great contributory causes to the cost of merchandise, and is borne by the consumer."

Senator Lodge who, in his way, is as typical as Mr. Whitman, denies that the tariff is materially related to this problem. In 1910 Mr. Lodge was chairman of a Senate committee investigating the cost of living. He did not go quite as far as

Mr. Whitman — that is, he did not dismiss the subject by declaring it merely a newspaper yarn. But he did find that "the tariff was no material factor." His chief reason for this conclusion amounted to this: The increased cost of living is world-wide. There are several causes, therefore the tariff is not a material factor. It is much like saying that because a log jam is made up of several logs no one log has anything to do with the jam.

Another curious bit of reasoning in Mr. Lodge's report was this: He had offered a list of 257 articles — almost all of them protected to some extent — the prices of which he had shown to have increased between 1900 and 1909 by 14.5 per cent. Out of this list Mr. Lodge selected fourteen articles on which the duty was highest. He found that the average increase on these fourteen articles was only 13.1 per cent. Therefore, he concluded, the tariff is no material factor in the increased cost of living!

Still another reason for exonerating the tariff from any guilt in the matter was this: The increase of cost in all kinds of farm products between 1900 and 1909 has been much greater than the increase of manufactured products. Now, says Mr. Lodge, there has been practically no change in the tariffs on farm products in this period, therefore the tariff has nothing to do with increased prices.

This same quality of argument is used in regard to the trust. There are several causes, therefore the tariff is not a cause. The tariff contributed nothing to the foundation of the Standard Oil Company, therefore it has had nothing to do with the foundation of any other trust. Frequently the stand-patter is so unfamiliar with his own formula, or so indifferent to it that he will insist that the trust is an industrial surprise — a species of highwaymen of whose presence on the road he had no warning and for whose ravages he consequently

cannot be held accountable. If he knew his own formula, or, knowing, was willing to regard it, he would be ashamed of this sort of pleading. No evil concealed in the doctrine of protection was ever more thoroughly advertised than monopoly. At every stage, since Hamilton's time, we have been warned that it waited us just around the turn. For the last twenty-five years, especially, we have seen it pour down upon us,—an army whose ranks yearly grew thicker, stronger, and more cruel. This is the very army which we have been cautioned for decades to be waiting in ambush. There was a counter force provided, of course, for this waiting enemy — domestic competition. Now, we know what has happened to domestic competition in the last thirty years in this country. Freed from foreign competition — something which the doctrine never intended should happen — the home manufacturers have by a succession of guerilla campaigns, often as ruthless and lawless as those of wild Indians or Spanish freebooters, coralled industry after industry so completely that they could control its output, and at once cheapen the quality and increase the price.

Any one who wants to know more than he already does of the power and extent of industrial monopolies in this country should read the vigorous report of Attorney-General Wickersham presented to Congress in December, 1910. Consider the relations to the vicious combinations Mr. Wickersham enumerates, of the protection so many of them enjoy. Take away the protection of the window-glass trust, and does any one believe its high-handedness would not be gradually checked? If the tobacco trust and sugar trust and paper trust and powder trust and beef trust, all of which Mr. Wickersham attacks for extortions and brigandage, had to meet world competition, does anybody doubt that they would not find many of their present methods impractical? Protection

is so obvious an aid to them that it seems like insisting that two and two make four even to refer to it. But put this up to a stand-patter who knows his formula, and what do you get? Why, the answer that protection was never intended to foster trusts, and therefore it cannot be that it is doing so! Protection, he will tell you, provides for domestic competition, and, since it provides for it, his idea seems to be we must have it! Whatever is in the formula is in practice! It is no backwoods member from a remote Pennsylvania iron-and-steel district who asserts this. It is the ablest man of them all — Senator Aldrich himself. "I cannot conceive of such a thing as a monopoly under protection" was the substance of Senator Aldrich's argument on the point in the last tariff debate, as it had been for twenty-five years.

Curiously enough, the same intellect which declares that monopoly cannot exist under protection will under stress argue: Take the duty from those who have formed trusts, but give it to us who have not. "In order that you may?" one feels like asking. This was a link in the argument of the gentlemen who pleaded in 1909 that Schedules I and K (cotton and wool) should remain undisturbed. There is no "cotton trust"; therefore continue duties long unnecessary and wink at those which trickery forces through! True, there is no cotton trust — as yet. But how are trusts bred? Does our experience show us a more fruitful father of them than cutting off foreign competition, as the new duties on the higher grade of cottons seem to have done?

How are trusts bred? Is there any one left who does not know that when such privileges as prohibitive tariffs are dangled before men's eyes they rush to seize them, build and build again, regardless of all laws of trade? Is there any one left who does not know that over-stimulated production pays a penalty in half-time and shut-downs as truly as a man's

intemperance pays one in physical and mental exhaustion? And in the period of depression the new and weak fall into the hands of the rich and long-established. This has been the history of many a cotton factory. Why should it not all end as it has in scores of other industries?

But there are other breeders of trusts. What else are the supposed agreements as to output and prices of which rumors come from the great cotton organization, the Arkwright Club? What else was the attempt of that club in 1909 to unite with European cotton manufacturers to restrict the consumption of cotton in order to lower its price?

But should we expect that in an industry which boasts so many men of great ability, daring, and ambition as cotton manufacturing, and in which the rewards are so tremendous, no man will ever be found strong enough to take advantage of the tendencies to combination which already show themselves and to work out a trust? Why should there not be a Rockefeller or a Carnegie in cotton as well as in oil or steel?

The woollen industry, like cotton, pleads to be allowed to retain its high protection because it is still unshackled by combination. That is partially but not entirely true. As a matter of fact, there does exist a strong combination in this industry — the American Woollen Company, which has earned the popular title of "woollen trust" largely because of its trust-like methods. The woollen trust is far from being a monopoly, though it is certainly a good nucleus for one. It already controls about one-third of our domestic production of woollens and worsteds for men's wear. Its annual product is about $48,000,000. Its capital is $69,000,000. All things considered, there seems to be no reason why eventually the American Woollen Company, if it finds a Rockefeller or a Carnegie, should not follow in the steps of steel and sugar and oil and turpentine and bath tubs.

Juggling the formula under which he pretends to work, denying facts or shying from them, this is your typical stand-patter. Press your attack on his position, however, and you will find something more than negation. You will find an angry, alert opponent, threatening in fact, if not in so many words, to attack your position if you do not let him alone. Threats have been the very essence of the power the unholy wool alliance has had for so many decades, as Mr. Aldrich more than once admitted in the making of the tariff of 1909.

"*I say to the Senator* (Mr. Aldrich was addressing Senator Dolliver) *that this wool and woollen schedule is the crucial schedule in this bill . . . if by insidious or any other means he can induce the Senate to break down this schedule, that is the end of protection, for the present anyway, in this country.*"

Mr. Aldrich was not defending the wool duties because they were fair. He was defending them because they have back of them the solidest vote in the Senate. Those to whom he talked knew it, and they knew that he was warning them that if they did not support these duties they could not expect to get what they wanted, however just from the protectionist standpoint that might be.

There has always been a fraction of Mr. Aldrich's party in the Senate that could not be moved by threats — who if they had known enough about the tariff on which they were voting to realize that a threat was being held over them would have resented it. It is that fraction which openly confesses that they have "always voted as they were told." The *Congressional Record* is full of such admissions. Mr. Aldrich could not sway them by appeals to their cupidity. He could, however, by an appeal to their loyalty to the doctrine, to their hatred of their political opponents. For years he has silenced those who had qualms about a duty by a sneering allusion to "Democratic talk." "We heard all of that from

Mr. Vest in 1890," was his answer to Senator Dolliver's criticism of the wool schedule. When it came to revising the duties on tin plate the stand-patters tried the same argument — "false to protection." The shame of it finally drew from Senator Dolliver this outraged protest:

"*Is it possible,*" he said, "*that a man, because he voted for the Allison tin-plate rate of 1889 and heard poor McKinley dedicate the first tin-plate mill in America, can be convicted in this Chamber of treachery to the protective-tariff system, if he desires that schedule reëxamined, after seeing the feeble enterprise of 1890 grown within a single decade to the full measure of this market-place, organized into great corporations, overcapitalized into a speculative trust, and at length unloaded on the United States Steel Company, with a rake-off to the promoters sufficient to buy the Rock Island system? If a transaction like that has made no impression upon the mind of Congress, I expose no secret in saying that it has made a very profound impression on the thought and purpose of the American people.*"

In this outburst of Senator Dolliver we have the heart of the insurgent revolt against stand-patism. In essence it is a revolt against years of betrayal of the principles the stand-patters were pretending to uphold, of solemn-faced defence of things which are not so, of silencing critics by sneers and threats. And for what? That those who support them by votes and campaign donations may monopolize the great industries of this land and pile increasing burdens on the backs of its humble toilers.

Is it any wonder that as men understand the real meaning of the system they declare, as did Senator Dolliver:

"*So far as I am concerned, I am through with it. I intend to fight it. . . . I intend to fight without fear — I do not care what may be my political fate. I have had a burdensome and toilsome experience in public life now these twenty-five years. I am*

beginning to feel the pressure of that burden. I do not propose that the remaining years of my life, whether they be in public affairs or in my private business, shall be given up to a dull consent to the success of all these conspiracies, which do not hesitate before our very eyes to use the lawmaking power of the United States to multiply their own profits and to fill the market-places with witnesses of their avarice and of their greed."

But there is more than what Senator Dolliver, even, saw wrapped up in the question of protection as we are applying it. Deeper than the wrongs it is doing the poor, deeper than its warping of the intellect, is the question of the morals which underlie its operations. Simmered down to its final essence the tariff question as it stands in this country to-day is a question of national morals, a question of the kind of men it is making.

The happiness and stability of the peoples of this earth have always been in strict accord with their morality — not a morality made up of rules and traditions, of do's and don't's, but that living force which pervades the world of men like an ether, the only atmosphere in which self-respect can flourish, and in which the rights and happiness of the other man are as sacred as your own. Emerson saw this force everywhere, "like children, like grass"; yet, sadly enough, "like children, like grass," its essentiality is often ignored. Men try to construct systems and work out plans in defiance of it, only to see them destroyed; they try to live without it, only to die. Activities that ask toll of our inner honor and crowd our fellow-men, that do not contribute to the general goodness and soundness of life and things, cannot endure. Every practice, law, system of religion, government or society must be finally sifted down to this: Are men better or worse for it? What does it make for, in the main, callousness or gentleness, greed or unselfishness? Are men because of it

more eager for freedom of mind and joy of heart, or are they more eager for gain and material comfort?

The troubled face of to-day is chiefly due to the realization that so much of our achievement does not stand the morality test — does not make the right kind of men. Here is where the trust fails. A Standard Oil Company violates a man's self-respect and outrages the rights of the other man. The harsh judgment of the world is due to that. The gathering into a few hands of what nature made for all, weakens equally the sense of justice in the individual and limits the natural freedom of his fellow, and doing so must cease. Here, too, is the final case against the doctrine of protection. As we know it, it operates in defiance, and often in contempt, of the imperative moral demand that all human activities improve, not injure, those concerned, that men be better, not worse, for them. The history of protection in this country is one long story of injured manhood. Tap it at any point, and you find it encouraging the base human traits — greed, self-deception, indifference to the claims of others. Take the class chiefly involved in making a tariff bill — the suppliants for protection. We have seen in previous chapters the ends they seek, the methods they employ. What kind of men does this make? It makes men deficient in self-respect, indifferent to the dignity and inviolability of Congress, weak in self-reliance, willing to bribe, barter, and juggle to secure their ends. All this is on the face of the activities of men who run their business through Congress.

There is another moral angle of this matter which must be faced. These men who tremble at the idea of unprotected business, what kind of producers does it make of them? *Quality is a moral issue.* A man's handicraft is the final test of his integrity: let it be slovenly and unfinished, let it be showy but unsound, let it never get beyond a first stage of

value, let it be turned to quantity, not value, and you have a measure of the man's character. Moreover, you have a contaminating thing. People forced by conditions to use dishonest goods, who find their shoes quickly falling to pieces, their coats quickly threadbare, their food adulterated, their rented rooms out of repair, who are forced to pay for things without virtue, quickly lose all sense of quality. They never give it because they never see it. Can an employee who knows that his employer adulterates his fabrics and covers up imperfections regardless of the interests of the consumers, be expected to continue to care for the quality of his own work? There is a universal outcry against the poor workmanship the day laborer gives — the lack of interest in the work — but can he be expected to care if his employer does not? At the very basis of the laborer's general indifference as to whether he gives a full day of honest work or not lies a widespread indifference among business men as to the quality of the output of their factories and shops.

If there were no other case to-day against protection, as we apply it, it ought to fall in more than one industry, on the deterioration of quality it has encouraged, in the ambition it excites to turn out quantity, not give value. Moreover, this vicious result hits the poor man. We can make as good woollen textiles in the United States as are made anywhere in the world; we do make many of them — at double the price that they cost abroad; but cutting off all competition in cheap goods as our tariff does, enables the domestic manufacturer to ignore the quality of these goods as he could not do if he were subjected to proper foreign competition. He knows he can sell what he turns out. There are no other goods for the poor man to buy; the cheaper he can make them the better; they will have to be replenished the oftener, and so trade will be encouraged! So flagrant has this offence

against sound morals become in cloth manufacturing that in the last two years there has developed an organized revolt against it among manufacturers of clothing. And this attack has been based by certain of them on the sound ground that it is unethical.

It is but a step from indifference to the quality of goods, to indifference to the lot of those who make the goods. The tariff is laid to help and protect the working-man. According to the protectionist argument a tariff-made state like Rhode Island, a tariff-made city like Pittsburg, should produce the happiest, most prosperous, best conditioned working men and women in the country. We have seen something of what the tariff has done in Rhode Island. In Pittsburg it has worked contrasts between labor and capital still more violent. It has produced on one hand an absentee landlord, the "Pittsburg Millionnaire," and on the other a laborer, whose life as pictured by one of the most careful investigations into living conditions ever made in this or any country, the Pittsburg Survey, is made intolerable by a twelve-hour day, Sunday work, cruel speeding, and cheerless and unsanitary homes. This Pittsburg Survey is the most awful arraignment of an American institution and its resulting class pronounced since the days of slavery. It puts upon the Pittsburg millionnaire the stamp of greed, stupidity, and heartless pride. But what should we expect of him? He is the creature of a special privilege which for years he has not needed. He has fought for it because he fattened on it. He must have it for labor. But look at him and look at his laborer and believe him if you can.

This, then, is the kind of man the protective system as we practise it encourages: a man unwilling to take his chances in a free world-struggle; a man whose sense of propriety and loyalty has been so perverted that he is willing to treat the

Congress of the United States as an adjunct to his business; one who regards freedom of speech as a menace and the quality of his product of less importance than the quantity; one whose whole duty toward his working-man is covered by a pay envelope. This man at every point is a contradiction to the democratic ideal of manhood. The sturdy self-reliance, the quick response to the ideals of free self-government, the unwillingness to restrain the other man, to hamper his opportunity or sap his resources, all of these fine things have gone out of him. He is an unsound democratic product, a very good type of the creature that privilege has always produced.

But this man would be impossible were it not that he has the backing of politicians and law-makers. Behind and allied with every successful high-tariff group is a political group. That is, under our operation of the protective doctrine we have developed a politician who encourages the most dangerous kind of citizenship a democracy can know — the panicky, grasping, idealless kind. This is the most serious charge that can be made against the man who holds or seeks office, that he injures the quality of the citizen.

The man who is a candidate for Congress in any district, city or country, has two courses open to him: He can appeal to greed or to the ideal. He has the opportunity to discuss with his constituents the questions and measures of his day and to win them by the enthusiasm he awakens for ideals. He has equally the opportunity to win them by the promises he makes — the promises of individual local benefits, like pensions and public buildings, or the promise of securing protection for local industries. Take the case of "Pig Iron," Kelley — a man who clung to protection with the passionate faith of a fanatic, who saw in it the great panacea for the country's poverty, who believed himself an incorruptible man, and yet who allowed the protectionists of both parties

in his own Philadelphia district to return him without effort on his part, because they knew he would get for them what they wanted. Mr. Kelley, honest man as he thought himself to be, educated his constituents in the pernicious notion that a Congressman's first business is to look after their business. The hopelessly sordid mental and moral attitude of Pennsylvania toward politics is due chiefly to the training in selfishness which for sixty years her Congressmen have given her. Throughout this period those who sought her suffrage have held up the promise of protecting taxes. Vote for us and we will take care of you. One of the most immoral of the many immoral trades which belong to the period of our Civil War was the bargain the state made with the Republican party to support the Union in return for the duties they wanted on their manufactures. For years almost the sole appeal made by candidates to the people of the state has been selfish. They have had a steady education in the notion that government is something from which to get a personal advantage. Is it strange that the Pennsylvanian should come to regard all public undertakings, even the building of a state capitol, as legitimate prey? It is a logical enough chain from the instructions of Thaddeus Stevens and "Pig Iron" Kelley to a tariff-made Pittsburg, blind to the appalling inhumanity of her mills, or to the shameless looting of a great state building. Once the appeal to men's greed is the established rule of a state's politics, the inevitable outcome is every degree and species of baseness. On the other hand, a people trained by its leaders to think of the general good, to consider principles and ideals as of first importance to national life, to feel that our fundamentals must be preserved before everything else — such a people will rise to any height of enthusiasm and sacrifice.

The legislator who is so indifferent to the moral effect of

his appeal on the country's citizenship, who refuses to see the connection between the appeal to selfishness and corruption such as that which in 1884, 1892, and partially in 1910 swept the Republican party from power, can hardly be expected to be nice about the methods he employs to get the things he has promised. Indeed, there is political necessity for just such methods as have been discussed in the previous chapters of this book. They are a part of the whole, perfectly consistent with the appeal, not a whit more immoral. If Mr. Aldrich promises the cotton manufacturers of New England to support their demands, allowing them to raise the money and do the work to reëlect him, can you expect him to do less than he did in the Payne-Aldrich Bill — allow a tricky revision of the cotton schedule to go through?

Let us admit that reasonable people must not expect in a popular government to arrive at results save by a series of compromises. As long as men disagree as to what is desirable to accomplish, as well as on the methods which are to be employed in getting what they all agree to be desirable, each successive step comes by one side agreeing to take less than it believes should be given, and the other yielding more than it believes wise. No reasonable person can expect the protective system to be handled without compromises, backsets, and errors of judgment, but *he can expect it to be handled as a principle and not as a commodity*. The shock and disgust come in the discovery that our tariffs are not good and bad applications of the principles of protection, but that they are good or bad bargains. Dip into the story of the tariff at any point since the Civil War and you will find wholesale proofs of this bargaining in duties; rates fixed with no more relation to the doctrine of protection than they have to the law of precession of the equinoxes. The actual work of carrying out these bargains is of a nature that would revolt any

legislator whose sensitiveness to the moral quality of his acts has not been blunted — who had not entirely eliminated ethical considerations from the business of fixing duties. And this is what the high protectionist lawgiver has come to — a complete repudiation of the idea that right and wrong are involved in tariff bills. There is no man more dangerous, in a position of power, than he who refuses to accept as a working truth the idea that all a man does should make for rightness and soundness, that even the fixing of a tariff rate must be moral. But this is the man the doctrine of protection, as we know it, produces, and therein lies the final case against it, — men are worse, not better, for its practice.

INDEX

Agriculture, 203.
Aldrich, Nelson W.:
  ability of, 111, 112.
  influence of, 168, 169.
  protection policy of, 170.
  position of, with regard to McKinley Bill, 199.
  leadership of, 207.
  and the "Interests," 208.
  as leader for McKinley Bill measure, 208.
  and sugar stock speculation, 227.
  on Dingley Bill, 244.
  and sugar trust, 245.
  and wood interests, 251.
  report on wool schedule of, 308.
  and cotton manufacturers, 319, 320.
  relation of, with Lippitt, 320, 321, 322.
  loyalty of, to wool schedule, 325.
  traffic in duties of, 326.
  threats of, 355.
  political methods of, 363.
Alliance of wool and cotton, 325, 326.
Allison, Wm. B., 36, 51, 53, 63.
  debate of, on Schenck Bill, 67, 68.
  and wool tariff, 115.
  chairman of sub-committee, 165.
  position on tariff of, 166.
  preparation of bill of, 166.
  report of bill to Senate, 168.
  and tin plate, 192.
Allison Bill:
  discussion of, 168–172.
  passed by Senate, 181.
  goes to Ways and Means Committee, 184.
Ambler, Judge Jacob A., 102.
American Cotton and Wool Reporter, 303.
American industries in Canada, 294.
American Ironmaster, 96.
American Thread Trust Co., 263.
American Tin Plate Association:
  questionable methods of, 192.
American Woollen Co., 354.
  product of, 354.
  capital of, 354.
"American working-man," 336.
Amnesty, 75.
Anti-trust Bill, 200, 201.
Arkwright Club, 316.
  attempts union with European manufacturers, 356.
Arthur, President:
  appoints commission, 101.
  message to Congress, of, 109.
  as protectionist, 110.
  and Dorsey, 176.
Attack on Whitman, 303, 304, 305.
Attorney-General, 44.
Average earnings, 259.

Baird, Henry C., 106.
Barbour, Wm., 268.
Basket willows, 298.
Bayard, 127.
Beck, James B.:
  character of, 112.
  filibustering of, 117.
  insubordination of, 118.
  as member of tariff conference, 127.
Beef Trust:
  benefited by duty on hides, 267.
  strength of, 275.
  effect of Dingley Bill on, 276.
"Belshazzar's Feast," 176, 177.
Bennett, Frank P., 13.
  and Whitman, 303, 304, 305, 306.
Bingham, Judge, 40, 44.

Blaine, James G., 11, 19.
speaker of Congress, 54.
and tariff reformers, 70.
slipperiness of, 96.
republican candidate, 140.
and Industrial League, 174.
and "monopoly" dinner, 177.
suggestions of, regarding surplus, 188.
and the trusts, 200.
and foreign trade, 203, 204.
and "Hell Gate," 210.
Bleakie, Robert:
personal experience of, 286.
Bombay, 91.
Book-making, 30.
Boteler, Alexander R., 102.
Brandeis:
appears for consumers, 258.
Brice, 221, 222, 223.
Brinkerhoff, Gen. R.:
resolution of, in Republican platform, 54.
and Greeley and Carey, 55.
lecture campaign of, 70.
recollections of, 71, 72.
and Democrats, 83.
Bristow, 309.
Brooklyn Gas Light Co., 23.
Bryan, Wm. J., 241.
Budget:
of one family of four, 265.
of one woman, 265, 266.
Business depression, 143.
Business embarrassments, 32.
Butler, Ben:
compromise plank of, 139.

Cameron, Senior, 65.
Campaign of 1884:
scandal of, 177.
Campaign of 1888, 175, 176, 177, 178, 179.
Canada, 2, 24.
American industries in, 294.
Cannon, Joseph, 197.
Carlisle, John G.:
on House Committee, 113.
principles of, 118, 119.
candidate for speakership, 133.
ability of, 134, 135.
early life of, 134.
elected speaker, 137.
Carlisle and Randall factions, 141, 142.
Carnegie:
as illustration, 172.
testimony of, 298, 299.
Cary, Henry C., 11.
as high tariff champion, 56.
as author, 56.
intolerance of, 56, 57.
Census of 1880, 98, 99.
Chandler, Zach, 22.
fights for copper bill, 46.
Chase:
attitude on tariff, 6.
as free-trader, 9.
Secretary of Treasury, 10.
arranges amendments to Morrill Bill, 10.
Chicago *Tribune*, 55.
Child labor, 343.
Cincinnati *Gazette*, 55.
Civil War:
changes wrought by, 28.
Clarke Mile End Spool Cotton Co., 263.
Clay, Henry, 2, 17.
Cleveland, Grover:
record of, 140.
reminiscences regarding, 141.
caution of, 141.
and tariff revision, 142.
second message of, 144.
message of 1887, 147–153.
effect of message on Republicans, 154.
popular vote for, 179.
warning of, 200.
position of, on tariff, 213.
inauguration of, 216.
letter of, on Wilson Bill, 231–233.
and Gorman, 234.
and Gorman Bill, 236.
and panic of 1893, 238.
Cloth analyses, 289, 290.
Coal duties, 34, 35.
Coats, Archibald, 264.
Coats, J. & P., 263, 264.

Cobden, Richard:
death of, 56.
Compact of 1867, 249, 250, 303.
Congress, 145, 299.
Congressional investigation, 41.
Conkling, Roscoe, 122.
Conscience Whigs, 3.
Cooper, Peter, 86.
Copper Bill of 1868:
reasons for, 44, 45.
and Chandler, 43, 46.
and President Johnson, 47–50.
passed over veto, 50.
lesson from, 50, 51.
Corn Products Co., 277.
Corn Products and Standard Oil:
associated, 277, 278.
Cost of living, 22.
Cotton:
as substitute, 283, 288.
exportation of woven cotton, 315.
importations of woven cotton, 314, 315, 322, 333.
investments in manufactories, 314.
strength of manufacturers, 324, 325.
conditions in making of cloth, 341–344.
Cotton schedule, 313, 314, 316, 317, 318.
Cox, S. S.:
as free-trader, 63.
as debater, 65.
sobriquet of, 66.
and Wood Bill, 88.
on exaggeration, 73.
on tariff, 77, 78.
Crisp, Charles F., 212.
Curiosibhoy, Adhersey, public letters to Greeley of, 91, 92.
Custom houses, 25.
Customs Administrative Bill, 187.

Dale, Samuel S., 289, 291.
Dawes:
appointed Chairman of Ways and Means, 73.
Dawes Bill:
debate on, 76, 77, 78.
reasonableness of, 76.
signed by Grant, 78.
features of, 78, 79.
Delano, Columbus, 113.
Democrats:
position on tariff, 83.
1880 tariff plank of, 94.
get majority in Congress, 110.
division among, 118.
tactics of, 119.
raise Constitutional question, 126.
gloating of, 122.
cry of excessive taxation, 178.
disadvantages of, 179.
split among, 180.
continue tariff agitation, 212, 213.
reverses of, 237.
inspiration of, 210.
Deterioration in clothing, 283, 284, 285.
Difference in home and foreign prices, 292, 293.
Dingley, Nelson:
Chairman of Ways and Means Committee, 239.
ability of, 239, 240.
Dingley Bill:
House passes, 240.
fate of, in Senate, 244.
compared with Wilson and McKinley Bills, 242, 243, 244.
changes made by Senate in, 244, 245.
influence of wool interests on, 251.
amendments to, 251.
passage of, 252.
effect of, 254, 255, 265, 267, 276, 277, 278.
practice developed by, 292.
makes burdens heavier yearly, 295.
Direct tax, 26.
Doctrine of protection:
final case against, 358, 359, 360.
kind of man encouraged by, 360, 361.
Dolliver:
Schedule K falls to, 309.
McKinley follows, 309.
member of Dingley Ways and Means, 310.
masters wool schedule, 311.
shows schedule K a law without morals, 311.
analyzes cotton schedule, 320, 324.
expresses revolt, 356, 357.

Dorsey, Stephen W., 176.
Douglas, W. L., 267.
Dunbar Co., 268.

Eaton, Senator, 100.
Elder, Cyrus, 86.
Elliot, E. B., 159.
England, 7.
  anger over increased duties, 13.
  feeling against, 22.
English Serving Cotton Trust, 263.
Evils of Tariff, 327.
"Experts," 321, 322.

Factory employers:
  life of, 342, 343, 344, 345, 346.
Factory owners:
  greed of, 346, 347, 348.
Farmers:
  relation of, to import duties, 201, 202.
  protest of, 312.
Federal Commission report, 116.
Fessenden, Wm. Pitt:
  description of, 20, 21.
  and tariff on spices, 24, 25.
  favors moderate protection, 39.
  absent when wool bill is voted upon, 43.
File trust, 334.
Financial uneasiness, 145, 146.
Finkelburg, 69.
  speaks for tariff bill, 76.
Finlaysons, 268.
Flax, 267, 268.
Ford, Worthington, 159.
Forward, Walter, 17.
Foster, James P., 177.
France, 7.
Fraud, 24, 25.
Free Poker and taxed Gospel, 156.
Free Trade, 6, 7.
Free Trade League, 55.

Garfield, James A., 53.
  Blaine's treatment of, 70, 71, 72, 73.
  position on tariff, of, 94, 95, 96.
  caution of, 97.
Garland, Austin M., 101, 113.
Glucose Trust, 277.
Gold Democrats, 241.
Golden Rule, 300, 301.
Gorman, 221.
Gorman Bill, 235, 236.
Grant, President:
  hope of people, 52, 53.
  advises postponement of tariff question, 53.
  against Reciprocity treaty, 53.
  dissatisfaction with, 73, 79.
Great Debate, 159–164.
Greeley, Horace, 13.
  as protectionist, 16, 17.
  extremist, 55.
  heads movement in favor of general amnesty, 73.
  nomination of, 74.
  character of, 75.
Grosvenor, Col. Wm. M., 69.

Hale, Eugene, 71.
Halstead, Murat, 83.
Hamilton, Alexander, 1.
Hancock, Gen. W. S., 97, 98.
Hanna, Mark, 241.
Harper's Weekly, 17.
Harpster, David, 113.
Harrison, recommendations of, 184, 185.
Haskell, Dudley C.:
  and Kelley, 112.
  description of, 120, 121.
  trouble with Townshend, 123.
  resolution of, 127.
  death of, 185.
Hayes, John L., 41, 42.
  as chairman of tariff commission, 101.
  campaign of, for wool interests, 113.
"Hearings," 297–299.
Hewitt, Abram S.:
  before tariff commission, 105.
  compromise plank of, 139.
Hides:
  proposed duty on, 204.
High protection, result of, 349.
High protectionists, 120.
High tariff, 62, 135, 136.
Hill, David J., 222.
Hill, James J., 293.
Holt, Byron W., 293.

Immigration, 254, 255.
Immorality of tariff system, 357, 358, 359, 360, 363, 364.
Imperialism, 252.
Income tax, 220, 221.
  declared unconstitutional, 240.
Increased cost of living, 350, 351.
Industrial commission, 292.
Industrial League of Pa.:
  object of, 86.
  first president of, 86.
  methods of, 86, 87.
  power of, 86, 87.
  recognized by Blaine, 87.
  opposes Parsee, 92.
  campaign of, 100.
  demands tariff commission, 100.
  incensed, 92.
Infant industries, 298.
Insurgents, 308.
  reasons for revolt of, 309.
  determinations of, 309.
"Interests," 7.
  leaders alarmed, 75.
  fight reasonable bill, 76, 77.
  barter of, 117.
  continue pressure, 122.
  unite own schedules, 193.
  campaign, 241.
  frustrated, 241.
  oppose reciprocity, 256, 257.
  narrowness of, 257.
Internal Revenue:
  inequalities of, 12.
  remonstrance against, 13.
Internal revenue bill, 110.
International Harvester Co., 294, 295.
Investigations in budgets of poor, 260.
Iron and Steel Association:
  as dictator, 173, 174.
  recognized by Blaine, 174.
  energy and efficiency of, 174.
  defeats Morrison, 174.
  demands Quay head of Republican Committee, 175.

Jarrett, John, 174.
Jobbery, 7.
Johnson, Tom L., 213.
Johnson, President:
  opposes Stevens, 44.
  unhappiness of, 46, 47.
  message regarding copper bill, 47, 48, 49, 50.
Jones, B. F., 174.

Kansas, 21.
Kasson, John A.:
  service of, 36, 37, 38.
  a supporter of Kelley, 112.
  proposes revision of House Rules, 124.
  appointed special plenipotentiary, 255.
  resigns, 257.
Keifer, Speaker, 127.
Kelley, Wm. D. ("Pig Iron"):
  favors highest protection, 35.
  as protectionist leader, 63, 64.
  dislike of Wells and Sumner, 64.
  defends high tariff, 65.
  accused of iron interests, 65.
  and Cox, 66.
  and Wood Bill, 88, 89, 90.
  as chairman of House Committee, 112.
  and Haskell, 120.
  and Kasson rule, 124.
  last illness of, 185.
  pernicious teaching of, 362.
Kenner, Duncan F., 101.

Labor troubles, 216, 217.
Lawrence, Wm., 113, 246, 247.
Lea, Henry C., 86.
Legislation by violence, 228, 229.
Liberal Party, 69.
Lincoln, Abraham:
  attitude on tariff, 6, 7.
  calls extra session, 9.
  asks for more men and more money, 18.
  tariff views of, 18, 19, 20.
Lippitt, Henry F., 315, 316, 321.
Lobbyists, 113, 114, 118, 122.
Lodge, Henry Cabot, 237, 323, 350, 351.

Logan, Senator, 78.
London *Times*, 8.
Longworth, Nicholas, 283.
Louisville *Courier Journal*, 81.
Lumber, duties on, 115.
  danger of exhausting, 115, 116.
  arguments for duty, 116.
Lumber barons, 116.

McAdoo, Col., 141.
MacColl, J. R., 316.
McDill, 127.
McKay sewing machine, 271.
McKenzie, James, 93.
McKinley, Wm.:
  protection speech of, 88.
  supports Kelley, 112.
  argues with suit of clothes, 162.
  succeeds Haskell, 185.
  amiability of, 186.
  introduces Customs Administrative Bill, 187.
  as presidential candidate, 241.
McKinley Bill:
  foundation for, 188.
  points of, 191, 193, 198, 199, 208, 209.
  effect of, 210, 211.
  failure of, 216.
  as compared with Wilson Bill, 238, 239.
McMahon, Wm. H., 102.
McMillan, 184.
McPherson, 227.
Mahone, 117, 127.
Mallary, Rollin C., 17.
Manhattan Gas Co., 23.
Manufacturers, unreasonableness of, 32, 33.
Marble, Manton, 137.
Marshals, 268.
Meriden Britannia Co., 293.
Mills, Roger Q., 83, 85.
  chairman of Ways and Means, 155.
  principles of, 156, 157.
  chief hobby of, 158.
  prepares bill, 158, 159.
  argues from Wright's report, 160, 161.
  analyzes cost of suit, 162, 163.
  opposes conference, 183, 184.
  opposes bounty for sugar-growers, 197.
  on McKinley Bill, 209.
  candidate for House Speakership, 211.
  refuses to serve on Ways and Means, 212.
  position of, 213.
  advises duty on sugar, 224.
Mills Bill, 158, 159, 164, 170.
Minnesota, 21.
Missouri Compromise, 4.
Missouri Liberal Republicans, 73, 74.
Moderate protectionists, 36, 37, 38, 39.
Moir, Edward, 301.
Monopolies, 352.
Montgomery, 8.
Moore, Joseph S., 90, 91, 92.
Morrell, Hon. Daniel J., 86.
Morrill, Justin S.:
  character of, 3.
  theory of, 4.
  apologizes for bill of 1866, 34.
  advises acceptance of Wells's amendment, 39.
  absent when wool bill is voted upon, 43.
  votes for copper bill, 46.
  debates on tariff, 68.
  opposes quinine bill, 93.
  head of the Senate committee, 110, 111.
  reports on free silver, 240.
  Bill of 1860, 5–11.
  Bill of 1866, 34, 37, 38.
Morrison, Col. W. R., 83.
  on House Committee, 113.
  selected to prepare tariff bill, 137.
  cleverness of bill, 138.
  provisions of bill of, 138.
  defeated for Congress, 155.
Mountain ivy root, 298.
Mugwumps:
  return of, 180.

National Association of Clothiers, 283.

National Association of Wool Manufacturers, 41.
political strength of, 193.
claims of, 194.
pleads against reduction, 229.
supports wool duty, 247.
demands of, 249.
greed of, 250.
success of, 251.
makes compact, 301.
agreement with wool-growers of, 421.
National Treasury, 6, 10.
Newcomb, Simon, 159.
N. E. Shoe and Leather Association, 273, 275.
Newspapers:
Taxes on, 13, 14.
oppose copper legislation, 51.
New York Custom House, 91.
N. Y. *Evening Post*, 13.
New York Gas Light, 23.
N. Y. *Herald*, 13.
N. Y. *Tribune*, 13, 16, 17.
Niedringhaus, F. G., 192, 193.
Niles, Hezekiah, 17.
North, S. D. N.:
position of, 251.
accused, 304.
denials of, 304, 305.
summoned by Finance Committee, 306.
corresponds with Whitman, 306.

Oliver, Henry W., Jr., 101, 122.
Organization, value of, 132.
Overproduction, 31.

Panics, 3, 79, 217.
Parsee, 137.
Payne:
reports wool schedule, 307.
tricked, 318, 319.
Payne-Aldrich Bill:
criminality of methods in, 299.
removes duty on hides, 277.
lowers duty on thread, 277.
becomes law, 327.
reception given, 327.
Pennsylvania, 6, 362.
Pensions, 189.
Perry:
lecturer and author, 55.
reminiscences regarding Cleveland, of, 141.
Philadelphia, 23.
Phillips, Thomas W., 292.
Pierce, Henry L., 4.
Pig-iron, 60, 61.
Pike, F. A., 36, 50.
Pittsburg, 360.
Pittsburg *Commercial*, 55.
Pittsburg Survey, 360.
Politico-industrial alliance, 207.
Pomeroy, Senator, 22.
Pope, Col. A. A., 104.
Porter, R. P., 102, 106.
Portland *Advertiser*, 55.
Prentice, George D., 82.
Prosperity, 252, 253, 254.
Protection, 1, 4, 5, 6.
faults of, 24, 51, 52.
opposition to, 54.
doctrine saved, 68.
effects of, 98, 99.
early reasons for, 331.
never to be prohibitive, 332.
Protective steering committee, 85, 86.
Providence, 7.
Public opinion, 297.

Quay:
record of, 175.
chairman National Rep. Committee, 175.
secures funds from Wanamaker, 175.
acknowledges sugar speculation, 227.
long speech of, 228.
Quinine Bill:
introduced by McKenzie, 93.
passes House, 93.
opposed by Senator Morrill, 93.
passes Senate, 93.
effect of passage of, 93, 94.
"Quinine Jim," 93.

Railroad iron, 21, 26.
Randall, Samuel J.:
skill and endurance of, 83, 84.
on House Committee, 113.
principles of, 119.

Randall, Samuel J. — *Continued:*
refuses to serve on committee, 127.
candidate for speakership, 133.
opposes Morrill Bill, 139.
prepares bill, 144.
Randall Bill, 144.
Raymond, Henry, 36.
Reciprocity, 2, 255.
clause in tariff of 1890, 206.
opposed by interests, 256, 257.
favored by McKinley, 257.
Recognition of organized business-man, 131, 132.
Reed, Thomas B.:
as parliamentarian, 125.
views on tariff of, 125.
rule of, 126.
on Mills Bill, 164.
asks conference with House, 182.
as protectionist, 186, 187.
on Gorman Bill, 235, 236.
elected speaker of House, 239.
Register, 17.
Republicans, 67, 69.
dissatisfaction with party, 73, 74, 75.
tariff plank of 1880 of, 94.
attack tariff for revenue only, 97.
demand tariff revision, 98.
rebuked on policy, 110.
majority of, favor reform, 118.
platform of, 173.
free use of money of, 175, 176, 177.
carry parrots in parades, 178.
win election, 179.
heavy losses of, 210.
causes of overthrow of, 210.
platform of 1896 of, 241.
declare for downward revision of tariff, 296.
Resolutions' Committee, 139, 140.
Revenue:
system for raising, 26.
revision of, 29.
bill framed by House, 110.
Revenue cutters, 25.
Revolt against protective system, 296.
Rhode Island:
as an object lesson, 336–346.
manufactories in, 337, 338.
desertion of farms in, 337, 338.
a tariff-made state, 338.
foreigners of, 339.
restlessness of laborers in, 340.
housing in factory towns, 347, 348.
Rhode Island factories:
temperature of, 340.
ventilation of, 340.
lint in air, 341.
scarcity of water in, 341.
lack of toilet conveniences, 341.
lack of dressing rooms, 342.
earnings in, 342.
unsanitary, 347.
without fire escapes, 347.
improvements in, 347.
Rise in cost of living, 260, 261.
Roosevelt, Theodore:
unstirred by tariff evils, 296.

St. Louis Democrat, 55.
Salt Interests, 58, 59, 60.
Sawyer, Philetus, 116.
Schenck, Robert C., 54, 62.
Schenck Bill, 62, 64, 65, 67, 68.
Schurz, Carl, 69, 75, 83.
Schwab, 292.
Scrapiron duties, 35.
Seceders, 7.
Secession, 6, 7.
Secretary of Treasury, 29.
Section Struggle, 39.
Semicolon, 124.
Senate:
frames revenue bill, 110.
passes Senate Bill, 118.
hearings before, 166.
examination of, regarding sugar stock speculation, 227.
make-up of Senate of 1897, 245.
analysis of duties of, 308.
Settlers, 116.
Seward, 6.
Sherman, John, 4, 5.
asks Senate to raise wool duties, 39.
advises lobbyists, 75, 76.
removes Parsee from Custom House, 91.
arrogance of, 111.

fights reduction of iron, 114.
fights for wool, 115.
dissatisfaction of wool-growers with, 131.
"Recollections" of, 131.
appoints Tichenor special agent, 167.
introduces anti-trust measure, 201.
prepares for "Hell Gate," 210.
Ship-building, 61, 62.
Shoddy, 248, 249.
Shoe-making trust:
formation of, 270.
inheritance of, 271.
aim of, 271.
prepares lease, 272, 273.
monopoly of, 273.
Shoes:
cost of, 265, 266.
reasons for increased cost, 266, 267.
royalty on, 273, 274.
Silver Question, 216, 237, 238, 240, 241.
Simmons, "Wood Screw," 7.
connection with new tax and tariff bills, 15.
secures gun contract, 15.
Sinister phase of Hearings, 299.
Slavery Agitation, 3, 7.
Smoot, 323.
Smuggling, 24, 25.
Specie Payment, 53.
Specific duty, 302.
Spool cotton, 262, 263, 264.
Spooner, 193.
Springer, Wm., 211.
Standard Oil Co., 278, 279, 288.
Stand-patter, 353.
Starch, 277, 278.
States petition Congress, 85.
Stevens, Thaddeus, 12.
description of, 14, 15.
as dictator, 33.
opposes Morrill Bill of 1866, 33, 35.
alarmed at struggle of sections, 39.
death of, 53.
owner of foundry, 65.
Storey, Moorfield, 305.
Sugar, 195, 196, 197.
"Sugar House," 227.
Sugar Refineries Company, 198, 199.
Sugar Trusts, 222–227.
Sumner, Charles, 4, 20, 21.
Sumner, Wm. G., 90, 91.
Surplus, 98.
oiling up of, 144.
methods to reduce, 188, 189.
reduction of, overdone, 216.
Surprise resolution, 71.
Swank, James W., 242.

Taft, Wm. H., 296, 300, 313, 324.
Tariff:
fifty years ago, 1.
to-day, 2.
bill of 1862, 14, 15, 16.
bill of 1864, 20.
bill of 1865, 26, 30, 31.
bill of 1875, 81.
"For Revenue only," 82, 83.
Reformers, 90.
bill of 1883, 128, 129, 130, 131.
bill of 1886, 142, 143.
as a tax, 163, 164.
league, 178.
Act of 1890, 206.
Reform Committee of N. Y., 293.
self-defeating, 295.
as bargains, 363, 364.
a question of national morals, 357, 358.
Tariff Commission, 100.
personnel of, 101, 102.
reception of, 102, 103.
hearings before, 103–106.
platform of, 107.
inconsistencies of, 107, 108.
Tariff Conference, 127.
"Tariff-of-Abominations," 1.
Textile World Record, 289, 291.
"The poor," 258, 259.
"Thousand-dollar breakfast," 10, 22.
Thread (linen):
advance in, 267, 269.
formation of trust, 268, 269.
duty on, 269, 270.
price jumps, 270.
Payne Bill lowers duty on, 277.
Thread Trust, 269, 270.

Thrift, 259.
Tichenor, Geo. C., 166, 167, 168.
Timber Culture Act, 116.
Tin plate, 278, 279, 280.
Tooke's "History of Prices," 95.
Top duty, 304, 305, 306, 307.
Townshend, 123.
Trusts:
  development of, 200.
  arguments about, 351.
  breeding of, 353, 354.
Turner, A. R., 268.

Umbrellas, 30, 31.
Underwood, John W. H., 102.
United Shoe Machinery Co. and Linen Thread Company interwoven, 274, 275.
United States, population of, 259.
United States Census, 304.
United States Government, 24, 25, 27.
United States Investor, 305.

Vest (Senator), 221, 224.
Vilas, 213.

Wages:
  government investigation regarding, 261, 262.
Walker, Francis A., 349.
Wanamaker:
  contributes money for campaign, 175.
  received seat in Cabinet, 175.
War, 9.
  qualities developed by, 23, 24.
  consequences of, 27, 32.
  taxes, 12, 13.
Washington, 6.
Watterson, Henry:
  as party leader, 81.
  dictator, 82.
  writes tariff plank, 82, 83, 139.
  platform-maker, 214.
  criticises Mills Bill, 219, 220.
  Ways and Means Committee, hearings before, 297, 298, 299.
Wells, David A.:
  early life of, 29.
  head of Commission, 29.
  prepares tariff bill, 38.
  Carey's hatred for, 56, 57.
  summary of wool conditions, 57, 58.
  reports on salt, 58, 59, 60.
  effect of report of, 162.
  removed from office, 69.
  to Democrats, 83.
  effect of dismissal of, 91.
Wells Bill:
  approved by Senate, 38.
  made an amendment to House Bill, 39.
Wentworth, Long John, 37, 38.
West:
  disturbed over 1864 tariff bill, 21.
  objects to 1866 bill, 37.
  asks protection for farmers, 37.
  succeeds in getting high duties on farm products, 38.
Wharton, Joseph, 86.
  consulted by Blaine, 87.
  tariff speech of, 96, 97.
  before Tariff Commission, 103.
White, Horace, 55, 83.
Whitman:
  Pres. National Association of Wool Growers, 194.
  suggestions of, 194, 195.
  calls conference, 300.
  appears before Ways and Means, 300, 301.
  attacked, 303.
  denies charges, 304, 305.
  correspondence demanded of, 305.
  proofs regarding, 307.
  reasons for powers of, 312, 313.
  on increased cost of living, 350.
Whitney, 213.
Wholesale Saddlery Association, 276.
Wickersham, 352.
Wilson, James F., 36.
Wilson, James Lyne:
  head of Ways and Means, 217.
  qualifications of, 217, 218.
  presents bill, 218.
  disappointment of, 234, 235.

Wilson Bill:
provisions of, 218.
opposed by Mills and Watterson, 219, 220.
amendments, 220, 221.
passes House, 221.
Senate opposition to, 221.
revised, 222.
returned to House with 634 amendments, 230.
Cleveland makes protest against, 230, 231.
Wood, Fernando:
appointed head of Ways and Means, 84.
as Mayor, 84.
arrogance of, 84.
stirred by resolution, 85.
tabulates objections to tariff in operation, 87.
brings in new bill, 87.
Wood, William M., 312.
Wood Bill:
unrest over, 84, 85.
brought in, 87.
features of, 87, 88.
indifference to, 88.
opposition to, 88, 89, 90.
object of, 88.
condemnation of, 88.
failure of, 90.
Wood-screws, 7.
Wool:
Interests ask higher tariff, 40.
scandal regarding, 41.
campaign of 1866, 42, 43.
bill of 1867 passes House, 43.
bill signed by Johnson, 44.
dissatisfaction of growers, 113.
growers send trinity, 113.
demands of trinity, 113.
Interests disappointed, 229, 230.
conditions, 245.
Interests muster strong vote, 248.
carpet wool, 248.
value of, 280.
scarcity, 281.
wool tops, 250.
adulteration of, 282.
amount produced in U. S., 285.
two classes of manufacturers, 286.
substitutes for, 287.
decrease in per capita consumption, 288.
comparative prices in England and America, 291, 292.
Interests force Congress, 299.
Interests hold conference, 300.
Compact of Interests, 301.
carders appear before Ways and Means, 302.
carpet manufacturers ask common-sense duty, 303.
combination of Interests, 312, 313.
failure of protective dogma in, 333, 334.
Wool schedule, 284.
complexity of, 289.
difficulty of, 310, 311.
mastered by Dolliver, 311.
shown to be without principle, 311.
reasons for passage, 312, 313.
Wright, Carroll D.:
report of, 143 160.

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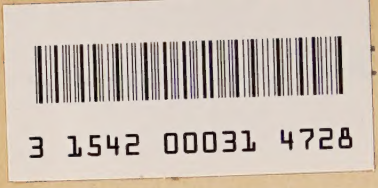
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